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Exploring how values shape the entrepreneurial propensity of youths: a study of the young, black South African entrepreneur

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Chapter One

Setting the scene: why a study on young, black entrepreneurs in Johannesburg's informal economy matters

1.1 Introduction

South African youth, and in particular black youth, form a particularly important social category for analysis. Yet, today's black youth are the most socio-economically vulnerable of population groups in South Africa. Poor education, lack of significant post-school employment opportunities, a rapidly globalising economy and the ravages of HIV and Aids, place these youth in an especially precarious position. Nonetheless, much stock is placed on youth fuelling the potential of a future economy, and hence, it is important to understand how they adjust, survive and navigate their economic futures. This said, while youth have served as the focal point of many studies, they do not feature prominently in entrepreneurial literature as a distinct subgroup (cf Walstad and Kourilsky, 1998; Kourilsky and Walstad, 1998). At the same time, extant studies seek rather to valorise the notion of youth entrepreneurship as a panacea for youth unemployment (see Steenkamp, van der Merwe and Athayde, 2011).

Extant research on youth entrepreneurship, particularly in South Africa, has tended to explore attitude and aspirations of youth (Kew, Herrington, Litovsky and Gale, 2013), motives and intent underscoring youth entrepreneurial behaviour as well as challenges facing young entrepreneurs (see Fatoki, 2010; Fatoki and Chindoga, 2011), entrepreneurship as a career alternative (see Burger, Mahadea and O'Neill, 2004), support initiatives and the development of young entrepreneurs (see Kroon, de Klerk and Dippenaar, 2003), as well as youth entrepreneurship as an alternative to conventional employment (see Nasser, du Preez and Herrmann, 2003). Beyond this, early attempts have also been made to categorise youth entrepreneurs based on both the characteristics of the business itself as well as on the nature of the

young entrepreneur (Lewis and Massey, 2003). Despite this, the field of youth entrepreneurship remains '…relatively underserved in terms of empirical research and underdeveloped in terms of theories' (Lewis and Massey, 2003: 214).

The informal economy serves as the context for an exploration of youth entrepreneurial behaviour in this study. This is largely because of the high incidents of youth participation in the informal economy, but also because of the marginalising effect of the space itself, such that youth as a vulnerable group are further marginalised. Thus, the informal economy provides an ideal backdrop to a consideration of aspiration, legitimacy, and attainment amongst young, black entrepreneurs. Here, specifically, Christianson, Utas and Vigh (2006) consideration of youth 'becoming' is extended such that young black South African's aspire to become entrepreneurs.

The remainder of this chapter extends the introduction to this research by deepening the rationale for this study. Here, particularly, a consideration of the relevance of black South African youth as a research subject will be explored. This will then lead to a critical exploration of entrepreneurship within this space before a more fine grained account of the informal economy is provided. In so doing, a consideration of how black youth within the informal economy might be considered entrepreneurial will be provided. The rationale will conclude with brief consideration of values as a mechanism for youth to 'become', thus providing a platform for deeper consideration in Chapter Two.

1.2 Conceptualising the 'new young lions'

In reinvigorating black consciousness in South Africa, black youths were dubbed the 'young lions' in the 1970s, displaying innovation, tenacity and creativity (Seekings, 1996; Everatt, 2007). Despite this, post-Apartheid, their violent expression of their disillusionment with broken promises of greater prosperity, job creation and state failure has subsequently led to youth alternatively being called 'tsotsis' as well as the lost generation (Cruse O' Brian, 1996; Seekings, 1996). Yet, such representations of change agent and upstart are not dissimilar to how entrepreneurs are broadly perceived and understood. Through an embodiment of such qualities, youth might be envisaged as a distinct category of entrepreneur, capable of operationalising the entrepreneurial process in different, potentially novel ways. This then might lead to a new title of 'new' young lion'.

The research undertaken in this thesis is therefore fundamentally concerned with understanding youth as entrepreneur. Specifically, it seeks to explore how black youth aspire to an entrepreneurial identity through the attainment of entrepreneurial capitals in order to seek legitimacy through entrepreneurial performance and formalisation, thus being agents of economic transformation. However, in the first instance, it is important to establish a rationale for a study on black youth.

1.2.1 Studying youth

In supporting youth as a discernible and, indeed, important subject for research, on the African continent, Durham (2000: 113) suggests that:

> Youth are increasingly compelling subjects for study in Africa …. To pay attention to youth is to pay close attention to the topology of the social landscape – to power and agency; public, national and domestic spaces and identities, and their articulation and disjunctures; memory history and sense of change; globalization and governance; gender and class.

As such, therefore, the youth experience provides an increasingly important lens through which society is viewed. In giving youth primacy in African studies, Diouf (2003: 2) suggests:

> Located at the heart of both analytical apparatuses and political action (young people) have also become a preoccupation of politicians, social workers, and communities in Africa. Undoubtedly, the centrality of this subject is connected to the extraordinary turnaround over the last three decades in the way African societies seem themselves.

African youth must be at the forefront of African studies for a number of reasons. The first is that African populations are increasingly becoming youthful (Diouf, 2003). In South Africa, this is no less true, with black African youth constituting some 57% of the total population (and 72% of the total black African population) (Statistics South Africa, 2013). This implies that, as a social group, their socio-economic integration and contribution is of significant importance.

Yet, conceptually, the notion of youth is quite difficult to circumscribe given the widely different roles attributed to youths, particularly in an African context (Everatt, 2007). Despite this, a number of ways have been posited to define youth. At the most elemental level youth might be understood entirely in terms of a liminal phase through their positioning and categorisation as a life stage (Christiansen et al., 2006; Durham, 2000; Vigh, 2006). If this approach were to be followed, youth would be universally positioned somewhere between adolescence and adulthood, and would be seen to be marking time before attaining adult status (Vigh, 2006). Thus, their

status would largely be determined by dint of their age and/or bio-psycho development.

Governments, in conferring rights and duties to their citizens, often rely on age, and life-stage as a marker to 'other' youth. For instance, in South Africa, the Bill of Rights, in the Constitution, considers youths to be those under the age of 18. At the same time, the Children's Act 38 of 2005 affords an age of majority and thus a 'legal adult status' to individuals who are 18 years or older. On attaining the age of 18, South African's are able of their own volition, to engage in state-decreed 'adult behaviours' such as voting, contracting (including marriage), the purchasing and consumption of alcohol, as well as driving.

Other definitions, however, show a marked overlap between ages traditionally afforded to childhood, adolescence, youth and adulthood. Harrison (in Abdool Karim and Abdool Karim, 2005: 262-263) defines youths as those aged 10-24. The United Nations regards young people as those aged between 15 and 24 whilst Morrow, Panday and Richter (2005: 7) define youth as those between the ages of 18 and 35. Finally, Chigunta, Schnurr, James-Watson and Torres (2005:3) conceptualise youth as individuals between the ages of 15 and 29.

At the same time, it might be argued that the notion of 'coming of age' in South Africa similarly involves associated complexities of financial success, and intricate interplays between 'masculinity' and adulthood. Khunou (2006) for instance argues that the notion of manhood is strongly ascribed to money in her study of the maintenance system and its impact on gender identities in Johannesburg.

Therefore, the attainment of adult status amongst marginalised black youth is confounded by the attainment of a measure of financial success.

This then suggests that the use of age as a universal marker of youth is not uncomplicated. Realistically, in many cultures and societies, the notion of 'coming of age' or attainment of adult status, is often marked by ritualistic social behaviour on one hand such as, for instance, ceremonial Xhosa circumcision (Nkosi, 2013), and/or the attainment of a particular socio-economic status on the other. It is because of this that the bio-psycho focus is often criticised for being socio-culturally insensitive and indeed, overly narrow. At the same time, strict liminal approaches to determining a non-adult or youth status leaves youth without agentive qualities, since such categorisations remove any sense of distinct identity formation.

Christianson et al. (2006), alternatively, provide an accomplished examination of the youth condition in Africa. By analysing youth through the dual lens of 'being' and 'becoming', they present an understanding of culture and identity creation among youth in a variety of different contexts. Brought into sharp relief is the struggle that African youth face as they attempt to assume adult status, making delineation of 'youth' increasingly more complicated and difficult.

Many cultures might well not link youth to closely defined life stage such that individuals of a wide range of ages now claim the status of youth. Here, youth status is conferred before puberty or well into the 40's (Durham, 2000). In South Africa, evidence is found for this supposition, in the South African National Youth Policy (2009-2014), which defines youth as persons between the ages of 14 and 35. Such a broad categorisation of youth is not uncommon with an African context

(Langevang, Namatova and Dawa, 2012; Langevang and Gough, 2012). Despite this, it is important to acknowledge the complexities associated with this approach. Everatt (2007:14), for instance, suggested that:

> The life experiences, context and needs of a 14 year old are radically different from a 35 year old. When we add the complications of gender, race, class, urban/rural location and others that underpin South African society, the complexity becomes impossible to contain within an already blurry concept such as 'youth'

Implicit in his criticism is that, by being overly inclusive in definitions of youth, 'intra-generational gaps' might be too massive (the historical, cultural, and political context of youth in South Africa notwithstanding), and broader age bands would simply complicate attempts to identify shared identities and subcultures. At the same time, it is unlikely that youth within such a categorisation will share the same lived experiences in a uniform manner.

Nonetheless, socio-historical reasons account for South Africa's definition of youth which is seen to reflect the engagement of black youth in struggle politics between 1976 and 1990, and their subsequent title of the so-called lost generation (see Everatt, 2007, Seekings, 1996). Historically, therefore, black South African youth have displayed a marked propensity in bringing about social transformation (see for instance Seekings, 1996; Bundy, 1987; Everatt, 1995, 2007). Yet, as Zegeye (2004), in reflecting on youth culture in Mamelodi township, suggests '(b)lack youth as a social generation manifested an uneven level of consciousness when dealing with pre- and post-apartheid social reality'. Thus, as he rightly points out, whilst resistance to apartheid was manifest, it was not common to all young people, and this lack of commitment to the struggle was punished by other youth (Zegeye, 2004).

Therefore, generations should not be treated as a homogenised whole (as categorisations such as generations 'X and Y' are want to do) (cf Bogatsu, 2002).

This study, however, in largely keeping with the South African National Youth Policy (2009-2014), defines youth as those between the ages of 15 and 35. The slight upward adjustment of the lower limit accommodates the minimum working age at South African law of 15 in terms of section 43 of the Basic Conditions of Employment Act 75 of 1997 (Van Aardt, 2012). This is a critical consideration for a study on entrepreneurial identity aspiration and legitimacy, despite the acknowledgement that that circumstances might dictate that those younger than 15 aspire to an adult status.

At the same time, the upper limit of 35 is retained. In so doing, it is acknowledged that the notion of youth in South Africa is confounded by a history of socio-political exclusion. Through greater definitional inclusivity, youth are considered a social category, rather than as a mere biological life stage, thus accounting for all the associated socio-cultural complexities of a 'coming of age' in an African context.

1.2.2 The importance of black youth in South Africa

Having reflected on the notion of youth, it is equally important to consider the relevance of a study on black youth. In other words, why should race, in a study on youth entrepreneurship, matter? From an economic perspective, at the very least, as Gelb (2003) suggested, racial divides were less pronounced, with intra-race inequalities in the distribution of income amongst black South Africans having decreased significantly some ten years after the first democratic elections. This

suggests, arguably, that class now potentially underscores racial inequality, rather than pure racial discrimination (Seekings and Nattrass, 2005). Yet, it is precisely because race has been so central to South African society, given South Africa's turbulent and polarised history, that it still remains relevant. Racial categorisations were used historically by the white ruling class to distinguish between black, coloured, Indian and white South Africans in order to entrench socio-political and economic privilege (Posel, 2001; Seekings, 2008).

Such racial categorisations still prevail some 20 years after South Africa's first non-racial democratic elections. There are three possible reasons for this. The first is that these categorisations form the basis for post-apartheid redress, as South African society seeks to overcome past legacies through efforts to empower those that were historically disadvantaged (Seekings, 2008). The second more functional reason for the persistence of racial categorisations posited by Stephan and Stephan (2000) is that they quite simply are used as way to categorise country-specific data (Urban, 2011a). A third explanation is that they still are very much part of a lived experience for South Africans, retaining cultural significance, as they underscore the reality of inherited and existing social divides, often defined along racial lines (Seekings, 2008). For instance, South Africa's Gini coefficient of 63.1 indicates a high degree of structural inequality in South Africa's economy (World Bank, 2013).

Arguably, the most compelling reason for a study of black youth in South Africa is the economic vulnerability of this particular social category. While South Africa is often seen as the 'economic powerhouse' of the African continent, unemployment remains relatively high at some 26.5%. Statistics South Africa (Statssa) (2013), in its first quarter report for 2013, points to the fact that unemployment amongst youth, whilst

mirroring international trends, is in the region of 52.9%. Moreover, youth between the ages of 15-35 account for 71% of total unemployment. What then of black youth? In a recent address, President Zuma, spoke to youth unemployment, and suggested that (Williams, 2013: 1):

> (f)or the next 20 years, South Africa will have over 14 million young people between the ages of 15 and 29. This number will peak in 2021, reaching 15.1 million. This presents us with a tremendous opportunity - but it also constitutes a serious challenge, given that joblessness in South Africa tends to mirror our historical past where 65 per cent of our unemployed are black youth.

Moreover, the pervasive problem of youth unemployment, which mirrors global trends (see Calvés, and Schoumaker, 2004; O'Higgins, 2004), is further highlighted by Statssa (2013) reporting that of the 3.5 million youth between the ages of 15 and 24 that are not in employment and not in education and training (NEET), over 30% are black (with coloured youth accounting for another 30%, and Indian and white youth, the remainder). The unemployment rate amongst black youth is higher than any other race group, and black youth are three times more likely to have no work or study experience than youths of other races (Van Aardt, 2012).

The level of unemployment amongst black youth, beyond pointing to their level of vulnerability, also suggests their economic potential has yet to be fully harnessed. This is no less true from an entrepreneurial perspective, yet, youth unemployment is most commonly problemitised in terms of access to the formal job market. For instance, Altbeker, Schirmer, Schorr, Melaphi and Bernstein (2012) point to the fact that more sustainable jobs need to be created in the economy in order to deal with youth unemployment. Be this as it may, their report fails to consider youth entrepreneurship as an alternative strategy (Altbeker et al., 2012). Yet, in the face of

net job loss in the economy, and rising unemployment among youth, the chances of more jobs being created for unskilled youth, particularly, seems slim[1]. As such, this thesis provides a consideration of the potential of youth entrepreneurship, and self-sufficiency among youth, as an alternative strategy accordingly (see Nasser et al., 2003).

Finally, cultural considerations of race are additionally important. Entrenched beliefs of what is 'acceptable' according to white, western standards might well still prevail as a legacy of colonial domination. That is, black South Africans might be made to feel like they are 'honorary' whites by distinguishing themselves through their conformance to behaviours which are deemed by whites to be more acceptable (Durrheim, Motse and Brown, 2011; Fanon, 1967). At the same time, black South Africans might self-stigmatise by judging themselves 'through white eyes'[2] (Durrheim et al., 2011: 32-33). In both instances, the relevance for both types of behaviour is such that it might underscore a culture of aspiration among young black youth, which, in turn, is motivated by a desire to be legitimated through an adoption of 'western' values.

[1] It should be noted that this might to some extent be mitigated for by the much vaunted wage subsidy which seeks to make youth employment more attractive through effectively subsidizing employers for the risk associated with employing inexperienced youth.

[2] Some similarity can be found here to Bhabha's (1994) notion of colonial desire in which the colonised wishes to become the coloniser.

1.2.3 New young lions 'becoming': exploring the entrepreneurial propensity of youth

Having given expression to the notion of youth, and the relevance of a study on black youth, it becomes possible to understand what is meant by youth as entrepreneur. In order to do this, an examination of entrepreneurship will first be provided.

Entrepreneurship, as a field of study, is a relative new comer to academia. While Schumpeter (1936) grounded the concept, economically, early in the 20th century (Ahwireng-Obeng, 2007), it was only in the 1980's that entrepreneurship seemed to be afforded some sort of credible status by the collective intelligentsia. A potential reason for this is quite simply that entrepreneurship is perceived to be somewhat atheoretical or alternatively, theoretically fragmented, because of the multidisciplinary lens through which it is viewed. Yet, it is this very lens, arguably, which has contributed to an exponential growth in the field, the evolution of entrepreneurial theory and its establishment as a research and academic discipline in its own right. While there are some 20 journals which directly deal with entrepreneurship either through title or intent[3], scholarly articles relating to entrepreneurship and entrepreneurial behaviour are found in a range of other journals including development, economic, geographical, management, psychological, and sociological publications[4].

[3] Here, titles for instance, journals with titles including words such as entrepreneurship, small business, innovation, and technological transfer were drawn from three databases, namely, Ebsco, Proquest and Emerald. Replications were accordingly identified and controlled for.

[4] This thesis alone, for instance, draws on research contained in a diverse range of journals including the Academy of Management Journal, Academy of Management Review, Urban Planning,

If the field and study of entrepreneurship is inherently multidisciplinary, shaping a research direction is a complex undertaking. Particular schools of thought have, to this end, proven to be of some worth in establishing discernible areas of research Cunningham and Lischeron (1991) for instance, have provided six schools which can be distilled into 4 research themes. These themes and their associated schools are set out in Table 1.2 below.

Table 1.1 – Different research themes and associated schools

Theme	Associated School
Assessing Personal Qualities	• The great person school (predicated on innate traits and qualities of the entrepreneur and highlighting the 'nature vs nurture' debate • The psychological characteristics school (based on the values, attitudes and beliefs of the individual
Recognising Opportunities	• The classical school (based on the Schumpetarian ideal of opportunity identification and innovation)
Acting and Managing	• The management school (premised on the understanding of how the entrepreneur initiates, organises, and manages an economic entity) • The leadership school (which incorporates an understanding of how the entrepreneur directs the activities of others in realising his/her objectives)
Reassessing and Adapting	• The intrapreneurship school (which extends the notion of entrepreneurial skills and behaviour beyond the start-up phase to the continued and sustained existence of the firm through entrepreneurship as a strategic alternative

(Adapted from Cunningham and Lischeron, 1991: 46-47)

Sociological Perspectives, The Geographical Journal, International Planning and Development Review, Development Southern Africa to name but a few.

In order to extend Cunningham and Lischeron's (1991) schools of thought, it is further important to provide an overview and, in so doing, an evolution of entrepreneurial theory, in order to locate the field of study. Early entrepreneurial thinking can be attributed to Richard Cantillon and Jean-Baptiste Say. For Cantillon, an Irish-French economist (circa 1680-1734), the entrepreneur was responsible for bringing about equilibrium, ultimately through arbitrage and risk bearing (Van Praag, 1999).

According to Say (1767-1832), the entrepreneur was a coordinator of both production and distribution at the market and firm levels. Moreover, it was Say that introduced the notion an entrepreneur as a 'superior being' who not only demonstrated intelligence and knowledge to the production function particularly but also embodied unique characteristics too (Van Praag, 1999). Beyond this, Say further contributed to the managerial school of thought by considering the role of the entrepreneur as coordinator at firm level.

Neoclassical perspectives include Marshall, Schumpeter and Knight. Marshall (1842-1924) built on previous conceptualisations of the entrepreneur as coordinator of production and distribution as well as supply and demand. Additionally, they are risk takers, as well as innovators (Van Praag, 1999). It was, however, Schumpeter (1883-1950) who, as one of the foremost entrepreneurial theorists, fully embraced the notion of the entrepreneur as innovator. According to Schumpeter (1947), entrepreneurs, through innovations (or 'new combinations') brought about the destruction of equilibrium, thus introducing new equilibrium. This process of continuous innovation and ensuing dynamic disequilibrium suggested that entrepreneurs thrive under conditions of change.

For Knight (1885-1972), the notion of uncertainty was considered central to the entrepreneur. Specifically, he distinguished between risk and uncertainty, such that uncertainty was inestimable and attributable to a unique event (McMullen and Shepard, 2006; Van Praag, 1999; Wennekers and Thurik, 1999). Profit was an entrepreneur's reward for bearing uncertainty.

Krizner (1973) later posited a neo-Austrian view of entrepreneurship. For Austrian scholars, the market tended towards but never achieved equilibrium. According to Krizner, the notion of 'alertness' is a key attribute of entrepreneurs such that they, of all individuals, are most attentive to opportunities in the economy (Van Praag, 2008; Venter et al., 2008). Alertness or entrepreneurial awareness has subsequently been defined as 'a propensity to notice and be sensitive to information about objects, incidents, and patterns of behaviour in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources' (Ray and Cardozo in Ardichvili, Cardozo and Ray, 2003: 113).

The establishment of the psychological school of thought might have been seen to coincide with the work of McClelland. McClelland (1965) identified three needs as motives, namely, need for power, need for affiliation and need for achievement. Of these, McClelland suggested that the need for achievement was most readily linked to entrepreneurial behaviour such that entrepreneurs are more driven by independence and less by money.

Although not specifically reflected on by Cunningham and Lischeron (1991) as a school, sociological thought also served in the early stages to shape entrepreneurial thinking. Here, the work of Weber (1930/2005) proved to be particularly influential.

He suggested that Protestantism, through the values of thrift, discipline, hard work and sobriety, played a powerful role in shaping entrepreneurship and the attainment of salvation. Of particular interest, in this regard, is the Akhan religion, in Ghana, which similarly promotes salvation through hard work and entrepreneurial success accordingly (see Ahwireng-Obeng, 2007).

Aldrich (2005) in support of Cunningham and Lischeron's (1991) initial thematic conceptualisation, suggest that entrepreneurial research can be interpreted along two lines, namely, venture inception and growth (Carland, Hoy, Bulton and Carland, 1984; Gartner, 1985) and individual behaviour of the entrepreneur in terms of opportunity identification and innovativeness (Schumpeter, 1936; Shane and Venkataraman, 2000). In so doing, two particular units of analysis for research emerge, namely the firm and the individual.

The research underscoring this thesis, therefore, might best be represented by the psychological school from a thematic perspective to the extent that is concerned with the values and aspirations with are seen to drive youth entrepreneurs (Cunningham and Lischeron, 1991: 47). Moreover, in keeping with Aldrich's (2005) consideration, the specific unit of analysis is that of the individual entrepreneur.

Defining entrepreneurship, however, given its multidisciplinary nature, is particularly complicated. Given the number of different perspectives, it is therefore not incomprehensible that no single definition of entrepreneurship, or indeed, of the entrepreneur, exists. To this end, Gartner (1990: 28) points out that

> Entrepreneurship is a very complex idea ... what we must all be concerned about is making sure that when we talk about entrepreneurship we recognize that it has many different meanings attached to it ...

This has in large measure attributed to the fact that no single, unifying theory of entrepreneurship exists which is sufficiently 'cross-cutting' (see Bull and Willard, 1993). One plausible reason for this is that the entrepreneurial process, in particular, defies any real attempts at mathematical modelling (Bygrave, 1993). Despite this, Shane and Venkataraman's (2000) well established description of entrepreneurship (and hence the entrepreneur) is particularly useful. For them, the one unifying and common aspect to all entrepreneurs (beyond even common characteristics of the entrepreneurs or the relative performance of businesses), is that of the 'opportunity'. They accordingly consider entrepreneurship to be (Shane and Venkataraman, 2000: 218):

> .. the scholarly examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. Consequently, the field involves the study of *sources* of opportunities; the *processes* of discovery, evaluation and exploitation of opportunities; and the set of *individuals* who discover, evaluate and exploit them)

The significance of the opportunity to entrepreneurship is taken up in the Global Entrepreneurship Monitor through its consideration of necessity and opportunity entrepreneurs, with the latter representing an ideal-typical and valid entrepreneur. Moreover, the centrality of the opportunity to entrepreneurship is in keeping with etymological considerations of the term 'entrepreneur' which comes from the French 'entreprende', meaning, conventionally, to 'undertake' (Cunningham and Lischeron, 1991). However, by further deconstructing 'entreprende' into its components, a combination of 'entre' (between) and 'prendre' (taker) emerges (D Kilpert, personal communication, March 2, 2012). A 'between taker' might be alternatively conceptualised as someone who takes a gap or indeed seizes an opportunity.

If opportunities are thus to assume a significance for the study of entrepreneurship it becomes necessary to provide a consideration of what they are. In simple terms, an opportunity is seen as the chance to meet a market need or want through a creative combination of resources to deliver something of value (Venter et al., 2008). Resources are thus central to an understanding of opportunity (and hence entrepreneurial) process. Ardichvili et al. (1993) for instance propose that opportunity recognition consist of three distinct processes, each of which underscores the significance of resources. In perceiving an opportunity, entrepreneurs identify underutilised resources which are used or recombined to create something of value. In recognising an opportunity, entrepreneurs identify a potential match between market needs and resources such that resources are yet to be deployed to satisfy a particular need. Finally, through a creation of business concept that is predicated on this match between resources and market needs, something of superior value is created. This happens through the recombination or redirection of these resources.

This importance of resource acquisition and deployment is of particular significance to this research which adopts a resource approach to understand entrepreneurial behaviour and success (see Chapter Two). This is particularly important in resource-strapped environments where entrepreneurs necessarily are seen, according to Casson (1982: 1) as individuals who '… specialize in taking judgemental decisions about the coordination of scarce resources.' This approach resonates most strongly with Firkin's (2003) conceptualisation of Bourdieu's (1986) capitals, and how these might be adopted to achieve success in the entrepreneurial space. It is this conceptualisation which serves to underscore this study – that is, how youth

entrepreneurs potentially accumulate resources (under the guise of capitals) and thus gain advantage accordingly in contested spaces. Such capitals are taken to incorporate (conventionally) financial, human, social and indeed, cultural resources.

What, then, of 'youth entrepreneurship'? Given that this research intends, as its major thrust, to extend extant conceptualisations of youth as entrepreneur, it becomes necessary to, at least, provide a sense of what is intended by 'youth entrepreneurship'. Thus, consideration is given to youth as a distinct entrepreneurial group, in keeping with Krueger and Brazeal's (1994:92) supposition that a group (and by implication a social group) may possess '...some potential for entrepreneurial activity'.

Youth entrepreneurship can be defined, in keeping with Schurr and Newig (in Chigunta, 2002: 2 and Schoof and Haftendorn, 2004: 3), as the '…. practical application of enterprising qualities, such as initiative, innovation, creativity, and risk-taking into the work environment (either in self-employment or employment in small start-up firms), using the appropriate skills necessary for success in that environment and culture'. In further qualifying this conceptualisation of youth entrepreneurship to more fully reflect the notion of youth, Chigunta (2002:2) suggests that

> …this definition assumes the following: young individuals developing and making full use of their own abilities, alone or in groups; young people defining their own problems, identifying solutions and finding resources to realize their vision; and, young people realizing their own potential and vision, growing in confidence and taking active roles in their own communities.

In so doing, Chigunta effectively establishes the potential and space for youth agency, identity and culture within the ambit of the different psycho-social and resource based approaches to defining entrepreneurship discussed above.

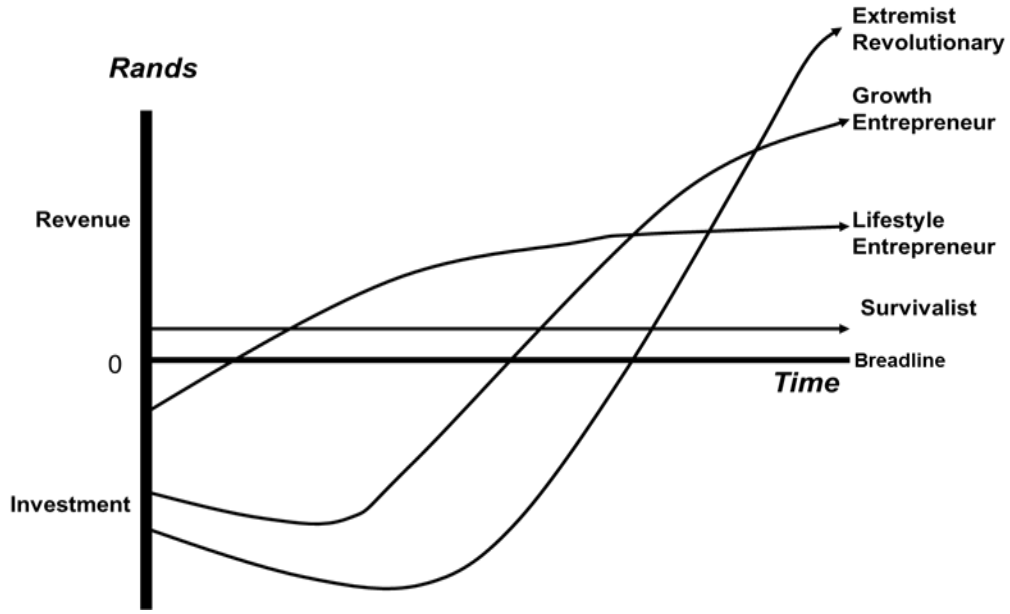
This is largely borne out by a recent Global Entrepreneurship Monitor (GEM) report on the activities and behaviour of youth entrepreneurs (Kew et al., 2013). Globally, young entrepreneur perceived themselves to be more innovative than adult entrepreneurs, for instance. Moreover, in sub-Saharan Africa, it was found that youth have higher rates of Total Entrepreneurial Activity (TEA) than their adult counterparts and that some 60% of youth not only perceived there to be good opportunities, but also felt that they had they the requisite skills and knowledge to pursue the opportunity accordingly.

Having thus reflected on, in the first instance, the notion of the entrepreneur, and in the second, the notion of youth as entrepreneur, due consideration is now given to defining the youth entrepreneur. For the purposes of this study, the following definition is synthesised and derived. Youth entrepreneurs are taken to include:

> young people who, in using their unique identity and agency, engage in the identification, exploitation and evaluation of value-adding opportunities through the concomitant assessment and exploitation of scarce and underutilised resources in order to achieve entrepreneurial success.

It is now possible to consider the possible of youth as entrepreneur in the informal economy. To this end, the following depiction, which sketches four different types of entrepreneurs based on initial investment and potential revenues, is a particularly useful point of departure. These categories included, in order of relative 'success', survivalist entrepreneurs, lifestyle entrepreneurs, growth entrepreneurs and revolutionary entrepreneurs (with high end technology arguably being the

differentiator between the latter two categories). Figure 1.1 outlines this categorisation.



(Fisher, 2011: 2)

Figure 1.1 – Types of entrepreneurs

The rather narrow, stereotypically consideration of survivalist entrepreneurs presented in the typology is of concern yet, not uncommon. In essence, such a depiction brings into sharp relief a tension that is common place in entrepreneurial thinking and literature, which is the strong distinction often made between the formal and informal economies, and the concomitant 'othering' of informal entrepreneurs. In other words, there are only two possible categories of entrepreneur, with only one desirable form. 'Real' (or opportunity) entrepreneurs by implication are part of the formal economy since they are the true providers of economic wealth and growth.

What is therefore implicit through such thinking is that the various motives and values driving the two categories of entrepreneur are vastly different. Survivalist (or necessity) entrepreneurs are 'pushed' by structural factors such as lack of

employment opportunities as well as poverty into being entrepreneurial, whilst opportunity entrepreneurs, through individual agency, exercise choice in becoming entrepreneurial. They are accordingly 'pulled' by the opportunity they identify (Langevang, Namatovu and Dawa, 2012).

At this juncture, it is worthwhile considering South Africa's entrepreneurial performance as reflected by the GEM report[5] of 2012. Typically, TEA is used as an indicator of entrepreneurial performance. Taken to be percentage of 18 to 64-year-old population who are either a nascent entrepreneur or owner-manager of a new business, this measure is essentially a combination of nascent entrepreneurship rate (that is, the same percentage of the population actively engaged in setting up a business) and the new business ownership rate (that is, the same percentage of the population who are currently an owner-manager of a new business) (Turton and Herrington, 2013). The GEM report categorises economies as factor-driven, efficiency-driven or innovation-driven, based on the World Economic Forum's classifications. South Africa, with its level of market efficiency and sophistication, is considered to be an efficiency- driven economy (Turton and Herrington, 2013). The total TEA for South Africa for 2012 was 7.3% (down from 9.1% in 2011). This is well below the average of 13% for other efficiency driven economies and 29% for the 10 sub-Saharan African countries. It is also well below Namibia's TEA of 18%. Namibia together with South Africa are the only efficiency economies in sub-Saharan Africa, which is dominated by factor-driven economies (Turton and Herrington,

[5] The GEM report, which is arguably the premier source of global data on entrepreneurship, provides annual insights into, assessment of and a basis to compare entrepreneurial activity, aspirations, and attitudes of and across individuals from different participating countries. Started in 1999 as a collaboration between London Business School and Babson with just 10 participating countries, the 2012 report covers 198 000 individuals in 69 countries, which together represent 74% of the global population and 87% of global GDP (Xavier, Kelley, Kew, Herrington and Vorderwülbecke, 2013).

2013). Roughly two-thirds (67%) of South African entrepreneurs are opportunity driven, with about one-third (32%) being necessity driven.

There are two observations to be made here. The first is that the proportion of the opportunity-driven entrepreneurs has remained the same between 2011 and 2012, even though the proportion of necessity-driven entrepreneurs decreased slightly (Turton and Herrington, 2013). The second is that, despite the slight decrease in the number of necessity-drive entrepreneurs, the contribution of this category of entrepreneur to the TEA is still quite high (Venter et al., 2008). This adds further impetus to, on one hand, the argument that is made that necessity-driven entrepreneurs make a fairly significant contribution to the economy, and the need for more refined research into this category of entrepreneur, on the other. Nonetheless, despite this, the GEM report tends to valorise opportunity-driven entrepreneurs as benefiting society as a whole since such individuals are more likely to not only perceive good opportunities but have the requisite entrepreneurial capabilities (Turton and Herrington, 2013). Necessity entrepreneurs, however, are considered 'othered' accordingly, as they have not yet identified valuable opportunities, they do not have the right capabilities. As they are 'difficult to group' and their behaviour is 'difficult to anticipate' (Turton and Herrington, 2013: 22), while the relative 'quality' of their entrepreneurial activity is questionable since GEM data has shown consistently that necessity entrepreneurs contribute less to the economy (Xavier, Kew, Herrington and Vorderwülbecke, 2013), they are by implication afforded a lesser status.

How then can informal actors be considered 'real' entrepreneurs in light of prevailing hegemony? A useful point of departure might simply be to suggest (as previously

discussed) that entrepreneurship defies any single definition. It is thus convenient to affirm that there is no one adequate definition of an entrepreneur, and thus one might expediently define participants in the informal economy as entrepreneurial by inserting them into a description of the entrepreneur that the research finds to be most appropriate. However, this is somewhat self-serving and by doing this, the very process of building entrepreneurial theory becomes undermined. In other words, the vagueness attributed to the definitional process might lead to a conclusion that entrepreneurship is something to everyone, and nothing particularly useful to anyone (see for instance Shane and Venkataraman, 2000). In order to avoid this precarious position (not least because this thesis has its very intention to contribute meaningfully to the ideal of entrepreneurial theory), it is necessary to find a more useful mechanism to locate entrepreneurship in the informal economy.

The answer, here, lies in the very assumptions underscoring extant definitions of entrepreneurship which contribute to an 'ideotypical' representation of the entrepreneur as some sort of 'superstar', destined to serve as the engine of economic growth and prosperity. This leads inevitability to the promotion of entrepreneurship as virtuous and positive and thus to the 'othering' of all other atypical forms of related economic activity. Yet, in so doing, the entrepreneur essentially becomes an unattainanable 'object of desire' in a Lacanian sense – something which is entirely elusive, and which in turn makes the notion of the entrepreneur something vacuous, 'whose operative function is not to exist in the usual sense, but to structure phantasmic attachment' (Jones and Spicer, 2005: 235). This interpretation suggests that entrepreneurs in the making, are constantly attempting to define themselves in reference to an unattainable ideal, ultimately,

because the ideal is an entirely nebulous object of desire, and it is ultimately this desire (rather than the object itself) which maintains this quest for and fiction of the ideal-typical entrepreneur (Jones and Spicer, 2005; Williams, 2008b).

Representations of the ideal-typical entrepreneur appear throughout the literature. For instance, Cunningham and Lischeron's (1991: 47) 'great person' school expounds on the notion that entrepreneurs are born rather than made, with associated intuitive ability akin to a sixth sense, and

> without this inborn intuition, the individual would be like the rest of us mortals who 'lack what it takes'

This, ultimately, underscores the more recent quest for the entrepreneurial gene, thus further distinguishing entrepreneurs from 'mere mortals' (Nicolaou and Shane, 2009). Berglund and Johansson (2007) further maintain through discourse analysis of authoritative works, that entrepreneurship is inherently a good and virtuous activity associated with the betterment of society as a whole.

This construction of the ideal-typical entrepreneur, however, fuels an essentialist underpinning of the entrepreneurial construct through the creation of binaries. If you are not driven by a need to achieve, then you are an underachiever, if you are not risk averse, then you are unable to live with uncertainty, if you are not individualistic then you are collectivistic and the like. The antonymic state underscores everything that is non-entrepreneurial (or, in this case, informal) and places it in opposition to everything that is entrepreneurial (or in this case, 'formal', positive, ideal-type entrepreneurship) (Williams, 2008b). In a subordinated role, all that is 'othered' becomes 'othered' in other contexts too, such that race, class and gender politics influence the framing of the subordinate in reference to the superordinate, with

associated binaries of rich/poor, white/black, western/indigenous and the like being applied to the distinction between archetypal- and non-entrepreneurship (see Ashcroft, Griffiths and Tiffin, 2007).

Realistically, therefore, in order to best deal with the challenges of binary thought, it is necessary to blur boundaries between the fixed positions, and to consider the 'greyness' that exists in the interstitial spaces. In so doing, it becomes possible to move away from an entrepreneur/non-entrepreneur binary in order to better accept the fact of the youth entrepreneur in the informal economy (whilst simultaneously debunking the singular myth of the 'good, virtuous entrepreneur') (Williams, 2008b). This is in part achieved through a more refined consideration of different considerations of the entrepreneurial nature of the informal economy and its actors.

Recent research suggests the potential for an alternative position regarding the informal economy, such that the space is not automatically relegated to a position of mere survivalist/necessity based activity and motives aren't attributed accordingly (Langevang et al., 2012; Williams, 2008a, 2009). Globally, in two separate studies, Williams (2008a, 2009) found informal entrepreneurs in England, Russia and the Ukraine embodied by push and pull (necessity and opportunity) motives in starting their enterprises, with a shift from necessity to opportunity motives as their ventures grew. Snyder (2004), in her study on New York's informal economy, found that informal entrepreneurs set up businesses out of choice and indeed, demonstrated a propensity to change motives over time. Moreover, Langevang et al. (2012), in their study of young entrepreneurs in Uganda, found that entrepreneurial motives didn't neatly conform to an essentialist 'necessity'/'opportunity' dichotomy.

Different studies in the South African context, particularly, four studies using data on Johannesburg's informal economy, corroborate these findings. Street traders, for instance, displayed a strong opportunity and entrepreneurial orientation (Callaghan and Venter, 2012). 'Pull' motives for entrepreneurial activity in the informal economy were equally prevalent (Urban et al., 2011; Venter et al., 2012). Moreover, entrepreneurs in the informal economy displayed a strong sense of archetypal Western entrepreneurial values, whilst displaying simultaneously indigenous, atypical values too (Venter, 2012).

These studies, both international and local, thus lay the foundation for the consideration in this study of the informal economy as an entrepreneurial space. More specifically, space is thus created for reflecting on young black entrepreneurs operating in the informal economy as potentially driven by opportunity, and thus, as entrepreneurial accordingly.

1.2.4 Informality and youth: providing context

The informal economy provides the context for the examination of the black youth in this study. This, as previously discussed, is in large measure due to the marginalising nature of the space itself such that youth in the informal economy are further excluded, creating further impetus for a study of youth entrepreneurship and aspirations accordingly. This section will proceed with a broad consideration of informality before the study is located within Johannesburg's informal economy.

The term 'informal sector' (which is largely used interchangeably with 'informal economy') was first introduced by Hart (1972), and is commonly associated with

enterprises which, in the first instance, are registered with government, but which might also be survivalist in nature (Venter, Rogerson, Semens and Myers, 2012). Conventionally, the informal economy has been seen as a place of last resort for individuals with no other options. However, for some time, it has also been conceived of as an entrepreneurial space. Williams (2007: 239) suggests it thus, '(i)n a third world context, it has for several decades been recognized that some [traders] operating in the informal economy display entrepreneurial qualities'. Given these two very different perspectives on the informal economy, a consideration of the different theoretical approaches to the space is necessary.

For Meagher (1995), both Marxism and Neo-Liberalism serve to inform an analysis of the informal economy, together with a temporal location of these perspectives. Until the 1970s, both schools supported a marginalist perspective of the informal economy to the extent that all economic activity in this economy was chiefly survivalist in nature, and that the informal economy was simply a 'leftover' from the past, a premodern relic operating on the fringes of the modern economy (Cross, 2000; Meagher, 1995; Willams and Nadin, 2010). Both schools therefore agreed that there was little scope for growth within the informal economy, and the neoliberalists accordingly proposed that the economy should be modernised, given the fact that traditional activities predominated, while Marxists saw greater state intervention as a path to more development (Hulme and Turner, 1990). Discursively, the informal economy was framed pejoratively as backward and underdeveloped in direct reference to the formal economy which was hailed as more advanced and progressive (Williams and Nadin, 2010).

This earlier mode of thinking gave way to more progressive understandings of the informal economy post 1970, which lead to the recasting of the informal economy as a space capable of greater entrepreneurial potential (Debrah, 2007), and as containing a 'hidden enterprise culture' which needed to be incubated and harnessed (Williams, 2007). This revised neoliberal perspective supported the notion that individual entrepreneurs exercised choice in starting enterprises in the informal economy in response, in part, to an over-regulated formal economy but also due to the perception that the space was rich in opportunities (Venter, 2012; Williams and Nadin, 2010). Entrepreneurial potential was largely retarded through greater state intervention which redirected resources to the formal economy (Meagher, 1995). Thus, if left unfettered, the informal sector would accordingly demonstrate greater growth and success. This approach is largely championed by the likes of De Soto (1989) who promotes greater deregulation of the informal spaces. At the same time, the International Labour Organisation (ILO) also promoted a neo-liberal perspective of the informal sector by considering it, in part to be '…a product of rational behaviour of entrepreneurs that desire to escape state regulations' (ILO, 1997-1998). The ILO approach is more tempered, however, in calling for 'enlightened state intervention' as opposed to complete deregulation in the form of greater access to resources and the like (Meagher, 1995).

The revised Marxist position, which emerged in the 1980s, similarly saw a shift away from analysing the informal economy at the margins to a more considered understanding of the process of informalisation in response to economic crises (Meagher, 1995). In essence, therefore, the Marxist position could be seen as a response to the new neo-liberal position of the 1970s, and might be considered to

constitute a structural perspective of the informal economy. Here, informal entrepreneurship is seen as part of new modes of production in response to exploitative global forces as witnessed through the growth of subcontracting, and unregulated, low-paid, insecure work carried out by those who are largely excluded from the formal economy (Montero, 2011; Waldinger and Lapp, 1993; Williams and Nadin, 2010).

A fourth categorisation of the informal economy, namely the post-structuralist perspective, has come to the fore of late (Cross, 2000; Willams and Nadin, 2010). Here, loosely, some combinations of social constructions and essentially critical understanding of informality are posited. Through these lenses, informal entrepreneurs are construed as social actors (and less as economic actors) (Willams and Nadine, 2010). Here, therefore, entrepreneurs seek to assert different identities in the informal space. They might, for instance, seek to exercise agency, not in response to structural conditions of excessive regulation, but rather in response to an expression of 'self' through the creation of lifestyle businesses (Snyder, 2004). At the same time, informal entrepreneurship might be seen as a form of resistance to exploitative practices which extend from neoliberalism (Lindell, 2010; Williams and Nadin, 2010; Tripp, 1989). The development of a culture of informality through collective action and mobilisation is a final important consideration in reflecting on a post-structuralist perspective of the informal economy. Here, the focus is on how informal actors harness a collective identity to protect marginalised economic interests, and indeed express a political voice in the face of rising informalisation through greater organisation in the form of various associations (Meagher, 2010). This has been seen as a marked move away from conventional understandings of

informal participants as a disorganised mass ‘acting out’ against the establishment through political and economic disengagement (Meagher, 2010: 46).

Despite recent understandings of the informal economy as a ‘hotbed’ for entrepreneurial activity, however, informal entrepreneurship is still considered in some quarters to operate on the margins. This supposition find supports in an analysis of the both the political economy of informality in South Africa as well as the Global Entrepreneurship Monitor.

A consideration of macroeconomic policy developments pertaining to South Africa’s informal economy is of relevance in the first instance. Under the Mbeki administration, the notion of the second economy was introduced into popular discourse, such a sharp distinction was made between the first (formal) and second (informal) economies, with the latter largely being structurally dislocated from the former and being of space of last resort accordingly (Devey, Skinner and Velodia, 2006b).

Despite its commitment to job creation and poverty alleviation, the Zuma administration’s New Growth Path (NGP) and National Development (NDP) surprisingly make little mention of the ‘second’ or indeed, ‘informal’ economy (an acknowledgement of the vulnerability of the informal economy and a greater need for social security for workers in this space notwithstanding). It is difficult, therefore, to understand the current government’s stance on the informal economy, despite an active commitment to stimulating entrepreneurial development in the economy as a whole. It might well be that a dualistic take on the South African economy no longer exists, and that there is a single economy consisting of both formal and informal

components. This is to some extent evidenced through mention of the need to provide greater support to small and micro enterprises through more targeted interventions as well as through a relaxing of policies. However, by not explicitly acknowledging the space, the relative worth of the informal economy is further diminished through an implicit approval of formal entrepreneurial activity (see, for instance, Rogerson, 2004b).

The discourse of the GEM reports provides additional insight into the sharp distinction between activity in the informal economy and 'real' entrepreneurial activity. Importantly, GEM distinguishes between so-called opportunity and necessity entrepreneurship. According to (Minniti, Bygrave and Autio, 2006:21), 'In most countries … nearly all individuals can be sorted into one of (these) two categories'. Here, necessity entrepreneurship refers essentially to informal entrepreneurs whilst opportunity entrepreneurship to high-growth, high potential enterprises (presumably in the formal economy). Informal entrepreneurs are considered to be survivalist in nature, with little potential for employment creation. From a policy perspective, a preponderance of high-growth, opportunity entrepreneurs are considered more desirable because of their ability to generate more employment through growth (Orford, Wood, Fischer, Herrington and Segal, 2003).

At the same time, necessity entrepreneurship is additionally associated with 'third world' emerging economies, whilst opportunity entrepreneurship is generally seen as a function of the 'first world'. Corroborating evidence for this is found in the GEM report which demonstrates that more impoverished countries have higher numbers of necessity entrepreneurs (as well as higher levels of entrepreneurship) (Langevang, 2012; Venter, Urban and Rwigema, 2008).

Having reflected on the different theoretical positions underscoring the informal economy, and in further reflecting on its significance as a context for this research, it is necessary to consider its various different characteristics. The first consideration is the relative size of the informal economy. It is not uncommon to downplay the relative contribution of informal economic activity to a country's GDP. This is largely attributable to the fact that contributions of the informal are not accounted for in the GDP, on-going labour churn between the formal and informal economies, on-going growth and formalisation of informal businesses, and the influx of foreign nationals (Devey et al., 2006b; Landau and Grindey, 2008; Rei and Battacharya, 2008; Urban, Venter, and Shaw, 2011).

Taken together, the informal economy becomes something of a moving target. Despite this, a number of studies point to sizeable contribution of the informal economy to economic growth, particularly in emerging economies (see for instance Greenidge Holder and Mayers, 2009; Ligthelm, 2006; Schneider, 2002; Schneider, Buehn and Montenegro, 2010). Comparative studies point to a relative size difference of the informal economy between emerging and developed economies as evidenced in Table 1.2.

It is particularly useful to note the relationship between the size of the contribution of the informal economy to a country's GDP and the extent to which the country is more or less industrialised, as well the extent at which socio-economic and political stability is enjoyed (Venter, in press).

Table 1.2 – Average informality weighted by total GDP in 2005

Region	Mean	median	Min	Max	Sd
East Asia and Pacific	17.5	12.7	12.7	50.6	10.6
Europe and Central Asia	36.4	32.6	18.1	65.8	8.4
Latin America and the Caribbean	34.7	33.8	19.3	66.1	7.9
Middle East and North Africa	27.3	32.5	18.3	37.2	7.7
High Income OECD	13.4	11.0	8.5	28.0	5.7
Other High Income	20.8	19.4	12.4	33.4	4.9
South Asia	25.1	22.2	22.2	43.9	5.9
Sub-Saharan Africa	37.6	33.2	18.4	61.8	11.7
World[1]	17.1	13.2	8.5	66.1	9.9

[1] The world average is not the average informality for the world but rather the average world's informality having weighed every country equally

(Schneider et al., 2010: 457)

A comparison of countries across Africa, for instance, illustrates this point. The informal economy in Zimbabwe at the upper end, contributes an average of a massive 61.8% over a 9 year period, as compared to South Africa, where the contribution is some 27.3%, with a significant average contribution of 37.6% of the informal economy to the GDP in Sub-Saharan Africa. At the same time, it also important to realise that in-country considerations of the relative size of a particular informal economy might differ (Venter, in press). In South Africa, for instance, estimates of the contribution of the informal economy range between 16% -25% of total employment, and between 5-6% of total GDP (Devey et al., 2006a, 2006b; GPG, 2008; Ligthelm, 2006).

These variations are attributable to a) the reliability of data used (since most size estimates rely on government statistics which might underreported) and b) the actual method of estimation used. Direct methods arguably produce more conservative estimates whilst indirect methods tend to produce higher estimates (Ligthelm, 2006; OECD, 2002). Notwithstanding this, the relative size of the contribution of the informal economy in Africa thus provides further impetus for a more nuanced study of its entrepreneurial potential.

The second consideration goes to the relationship between the informal and formal economic spaces. Current thinking, overwhelming, suggests that both economic spaces are strongly linked through the dynamic exchange of labour and other resources (Battacharya, nd; Chen, 2007; Devey et al., 2006a). In other words, as Bromley (in Devey et al., 2006a), suggests, formality and informality are simply extreme poles on a continuum, with many different variations occurring in between. This blurring between the formal and informal economies is an important consideration from a definitional perspective (Lindell, 2010). As Castells and Portes (1989: 13) suggest:

> …in an ideal market economy, with no regulation of any kind, the distinction between formal and informal would lose meaning since all activities would be performed in the manner we now call informal.

In the absence of the ideal, as institutional boundaries change and shift, so that which is denoted as informal, changes and shifts accordingly and indeed formality might reversed in favour of greater informality (rather than the pursuit of an often implicitly contrived notion of formality) (Rogerson and Preston-Whyte, 1991). Here bottom of the pyramid dynamics through which informal entrepreneurs become

distribution channels for the formal economy to penetrate untapped markets, is a useful example (Prahalad, 2010; Prahalad and Hart, 2002.).

A third consideration is the nature and character of businesses in the informal economy. The informal economy is considered heterogeneous in nature. It does not only encompass businesses which are only survivalist/necessity based but rather also includes opportunity driven/entrepreneurial businesses which span many different industries as well as locations (Snyder, 2004; Williams, 2007). The informal economy is most commonly associated with informal traders peddling their wares on the side of the road. However, this economy equally accommodates informal, home-based businesses and industries which are often embedded in suburbia (Synder, 2004).

At the same time, the relative size of businesses in the informal economy varies. According to Mead and Morrison (1996) the most common measure of the size of business in the informal economy is its number of employees, with most informal business employing up to 5 individuals at the lower limits and 20 at the upper limits. This resonates with South Africa's National Small Business Act 102 of 1996, which classifies micro enterprises according to an average upper limit of 5 employees, and very small enterprises according to an average upper limit of 20 employees (Venter et al., 2008).

Such a size differential similarly points to the entrepreneurial and growth potential of the informal economy (Rogerson, 2000). Moreover, informal businesses often have varying degrees of capital intensity (Mead and Morrison, 1996). It is most commonly argued that informal businesses operate from a lower resource base than their

formal counterparts, particularly when it comes to financial and human capital. Yet, the increased presence of foreign nationals in the informal economy tends to counter this perception to the extent that they are better educated than their local counterparts on average, and they often leverage their networks to access different resources such as money. Moreover, actors in the informal economy are actually quite receptive to technology and technological advances, particularly in the form of M- and E-commerce interventions (Prahalad, 2010).

The final consideration, when considering the relative entrepreneurial worth of the informal economy is its perceived illegality and illegitimacy. This is a critical component of the 'othering' process that occurs when considering the informal economy relative to the formal economy. At the same time, it becomes an important consideration when establishing the relative 'worth' and 'virtuosity' of the informal economy, if one is to see the space as entrepreneurial. It is important to distinguish between that which is legal and that which is legitimate, when reflecting on entrepreneurial activity in the informal economy (Webb, Tihanyi and Ireland and Sirmon, 2009). While it is therefore important to acknowledge that because informal activities fall outside formal institutional boundaries and are therefore considered illegal, they similarly fall within informal institutional boundaries (which include broader societal norms and values), and are thus considered legitimate (Webb et al., 2009). In other words, if society at large accepts informal activity, its legality notwithstanding, then it becomes legitimised. Here, Suchman's (1995: 274) definition of legitimacy is drawn on to the extent that he defines the construct as 'a generalised perception or assumption that the actions of an entity are desirable,

proper or appropriate within some socially constructed system of norms, values, beliefs and definitions'.

Thus, from an entrepreneurial perspective, it is possible for society to confer legitimacy on certain opportunities and behaviours in the informal sector whilst simultaneously rejecting others. In essence, therefore, the informal entrepreneur, despite being unregistered for tax purposes, engages in the legitimate production and sale of goods and service, which in turn is distinguishable from illegal activity.

1.2.5 Charting the research direction: the effect of hybrid values in attaining legitimacy

Thus far, the rationale for a study of young black entrepreneurs in the informal economy has been set forth. However, what is yet to be addressed is how these entrepreneurs might attain entrepreneurial legitimacy (that is, how they might 'become' through attaining acceptance as 'real' entrepreneurs). To this end, a study of values and culture is proposed as a means to explain this. Chapter Two considers the role of entrepreneurial values in shaping entrepreneurial aspirations and success in detail. At this juncture, however, a brief synopsis is provided in contextualising the research questions.

Values have most often been analysed through the functionalist doctrine of universality. Within this paradigm, values are often understood to be programmed or learned orientations which influence behaviour and serve as overarching 'guiding principles' (Morris and Schindehutte, 2005: 454; Schwartz, Melech, Lehmann, Burgess, Harris and Owens, 2001: 521). When acted on, values lead actors to form

conclusions about the relative desirability of, and preference for, an 'end state' which will transpire as a consequence of a particular course of action (Hofstede, 2001: 5; Rokeach, 1973: 5; Schwartz, 1992: 4). In this way, values have formed a central part of entrepreneurial discourse, and have been the subject of several studies relating to entrepreneurial behaviour (see Morris and Schindehutte, 2005; Schumpeter, 1943; Weber, 1930/2005; Shane, 1994; Urban, 2006).

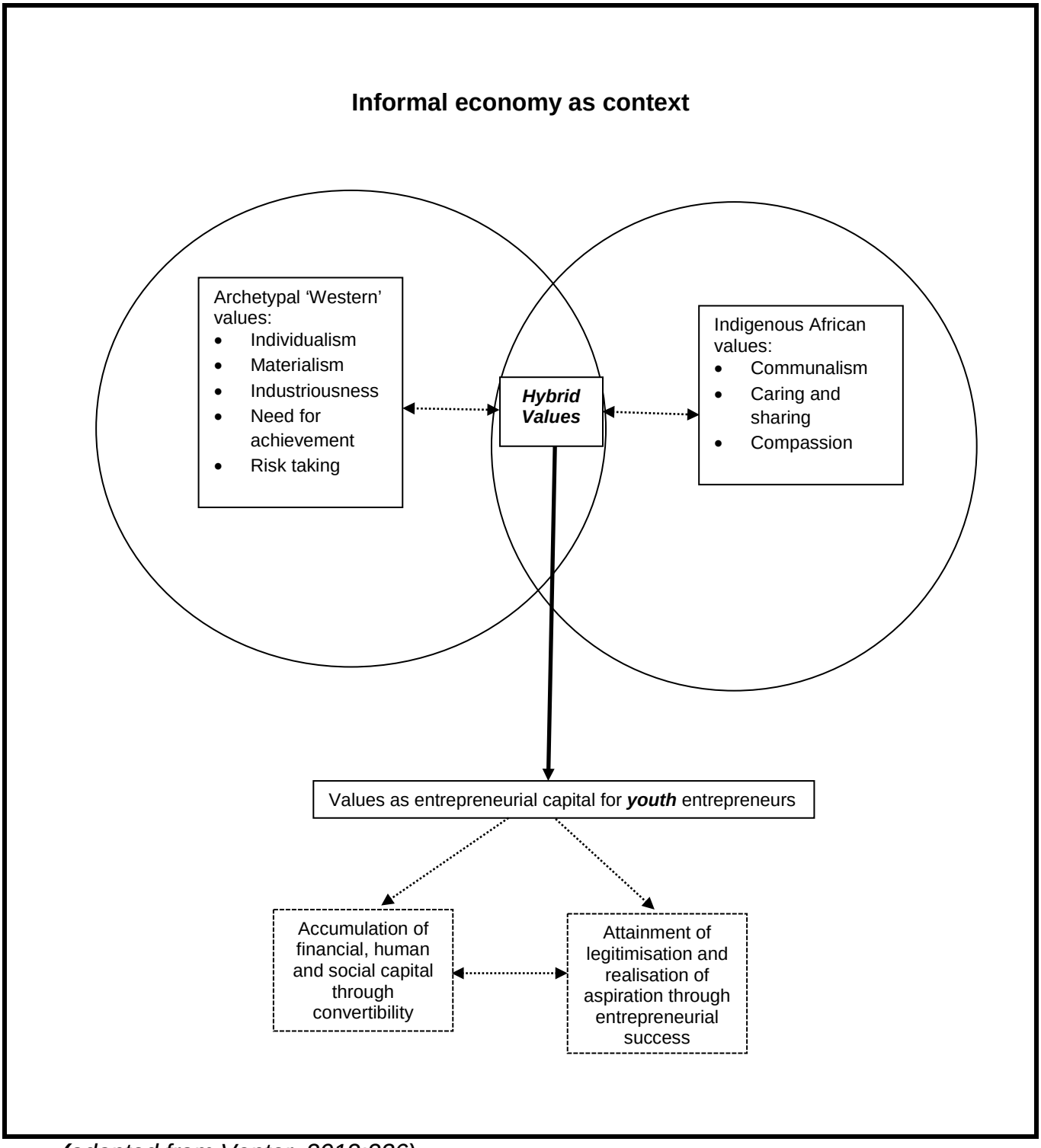
Extant research on entrepreneurial values has largely been western, with scant attention being paid to values within an African context (cf Urban, 2006). As such, little has been done to investigate youth entrepreneurial values in a 'non-western' African context or indeed within the informal economy. As suggested previously, black, youth are further marginalised in the informal economy. Yet, while they struggle to 'become' in this space because they are often unable to accumulate assets and wealth, this rarely stops youth from expressing their identities through cultures of attainment and aspiration as embodied through the notion of generation Y (Nuttall, 2003). Indeed, cultures of aspiration, when exhibited, certainly indicate a propensity for entrepreneurship amongst youth in this space (Chigunta, 2002; Haftendorn and Salzano, 2004; Mvula, 2010).

Cultures of aspiration, particularly amongst youth, are driven by a highly influential western perspective, particularly through the influence of media (see Chapter Two). In a context where indigenous, traditional values are still influential, what is pertinent is how 'indigenous' values and 'Western values' come into contact to shape new hybrid value systems. Therefore, it is necessary to reflect on the role of hybrid values in shaping and influencing entrepreneurial aspiration. Christiansen et al.'s (2006) process of becoming is usefully applied and extended here. Youth might

conventionally use hybrid values for the attainment of a socio-economic status in order to 'become' adult. However, they might similarly use these values to legitimise entrepreneurial activity in order to achieve greater formalisation and acceptance thus 'becoming' a 'real entrepreneurs' (Christiansen et al., 2006; Williams, 2008a).

This process is best understood by exploring how these hybrid systems allow for the potential of entrepreneurial values as a form of entrepreneurial capital. Here, the notion of 'conversion' of capitals (or resources) becomes particularly important, as youth seek to gain access to other, more tangible forms of capital (such as economic and social capitals) through the 'leveraging' of and 'switching between' different value sets in resource strapped environments such as the informal economy (Bourdieu, 1986; Firkin, 2003).

Further elaboration on aspiration, the attainment of entrepreneurial resources and legitimacy, and the influence of hybrid values, is presented in Chapter Two, while a graphic representation of this is depicted in Figure 1.2. Here, the relationship between hybridity and the attainment of different entrepreneurial capitals together with entrepreneurial identity aspiration, and the concomitant realisation of legitimacy, is illustrated.



(adapted from Venter, 2012:236)

Figure 1.2 – Explaining the impact of hybridity

In summary, the rationale of this study, and indeed, its significance, is thus to evolve on understanding of how hybrid values might influence the attainment of legitimacy by young, black entrepreneurs through a process of 'becoming'. In other words, the study is concerned with how a marginal group, within the informal economy, might express an entrepreneurial identity in order to achieve greater acceptance, and potentially to attain adult status. This, then, provides the impetus for the establishment of the research questions.

1.2.6 The research questions

The previous sections established the rationale for a study on black youth entrepreneurs in the informal economy. Moreover, an examination of culture and values as the basis for considering how youths might attain legitimacy in an entrepreneurial space was provided. The following research questions are thus stated.

Research question:

To what extent do hybrid values impact the perceived identities of young black entrepreneurs in the informal economy?

Sub-question one:

To what extent are hybrid values exhibited by young black entrepreneurs in South Africa's informal economy?

Sub-question 2:

How do hybrid values shape entrepreneurial aspirations of young black entrepreneurs through the attainment of different entrepreneurial capitals?

Sub-question 3:

To what extent do hybrid values impact on the entrepreneurial performance of young black entrepreneurs in South Africa's informal economy?

Sub-question 4:

To what extent do entrepreneurial motives and entrepreneurial self-efficacy moderate both the attainment of entrepreneurial capitals and the entrepreneurial performance of young black entrepreneurs in the informal economy?

1.3 Mapping the study: a brief chapter synopsis

This chapter will conclude with a brief summary of the remaining chapters. Chapter Two will provide a detailed understanding of how black youth entrepreneurs use entrepreneurial values in the attainment of entrepreneurial success. Additionally, it will reflect on how youth thus shape entrepreneurial identity aspirations through the enactment of these values. In so doing, a multidisciplinary theoretical framework is evolved to enhance an understanding of entrepreneurial identity aspiration and legitimacy amongst contemporary black youth. The chapter will conclude with the examination of a hypothesised conceptual framework in which the mediating influence of hybrid values will be explored. The moderating influences of motivation

and self-efficacy on the attainment of entrepreneurial capitals as well as entrepreneurial legitimacy will also be examined as part of the model.

Chapter Three provides an overview of the research methods used in this study. Specifically, it locates the study using a positivist, quantitative paradigm. The drawing of a proportionally representative sample (n=503) across the seven administrative regions in Johannesburg is discussed, despite difficulties in determining the population. Hereafter, a description of the pilot study (n=50) carried out in Ekurhuleni is provided before the administration of the questionnaire is considered. Validity and reliability is established using Exploratory Factor Analysis (Principle Component Analysis) as well as Cronbach's alpha scores respectively. Different limitations relating to the study are explored and various biases and their potential impact on the efficacy of the research are examined. Regression analysis is proposed as a means to test the different relationships in the hypothesised framework using Baron and Kenny's (1986) tests for moderated and mediated relationships.

In Chapter Four, the results from the research that was undertaken are presented and analysed. Here, a consideration of the sample is provided using descriptive statistics. Chi-square analysis is used to determine signification relationships between demographic variables. Hereafter, the different scales are described before being tested for reliability and validity using Cronbach's alpha as well as Principle Component Analysis respectively. The conceptual framework provided in Chapter Two is tested using multiple (stepwise Ordinary Least Squares) regression in order to establish the significance of the different relationships in the model and test the different hypotheses accordingly. Evidence is found to support Hypotheses 1, 2_a

and 2_b, as well as 5_a. Partial support is additionally found for hypotheses 3_a, 4_a and 4_c.

Chapter Five concludes this thesis by providing a summary of the major findings. In particular a discussion of the results is provided and findings are critically appraised in relation to relevant theory and interpreted. Particularly, the relationships between entrepreneurial identity aspiration and the attainment of entrepreneurial resources, as between entrepreneurial resources and the attainment of legitimacy are established. Moreover, the mediating influence of hybridity on the relationship between entrepreneurial identity aspiration and resources attainment is considered. Additional implications of the research pertaining to the significant influence of education as well as a refined consideration of hybridity are provided, before various limitations relating to the study are explored and recommendations posited.

1.4 Conclusion

This chapter has provided an overview of this thesis. In particular, a rationale for the research has been provided. Here, the worth of doing a study of young black youth in South Africa's informal economy is considered. In so doing, it became important to reflect on the potential for youth entrepreneurship as a distinct field of study, as well as how a study of entrepreneurship might be located in the informal economy. In studying youth in a marginal space, this research is essentially an exploration of 'becoming' as youth explore expressions of entrepreneurial aspiration. Values as a particular way of reflecting on youth entrepreneurship is introduced and, the notion of values as a form of entrepreneurial capital is presented through a brief consideration of hybridity as a potential means of enacting aspirations in attaining entrepreneurial

legitimacy. What is postulated, in establishing this significance of this study, is that hybrid values might be leveraged to attain entrepreneurial capitals resources in a process of becoming (that is, in attaining legitimacy). Chapter Two follows with a consideration of values and hybridity accordingly.

Chapter Two

Towards a values-based understanding of young, black entrepreneurs

2.1 Introduction

Chapter One provided a consideration of the informal economy as a context for the examination of youth entrepreneurial values largely due to the high incidence of youth participation in the informal economy but also because of the marginalising nature of the space itself. In other words, youth are further marginalised within the informal economy. This therefore becomes an ideal space in which to study hybrid values amongst youth as a mechanism for the attainment of an entrepreneurial status (beyond mere survivalism).

This chapter seeks to address the manner in which values might shape youth entrepreneurial identity in the informal economy. The notion of values as a resource is considered, with particular reference to the notion of 'cultural hybridity'. What has become significant as a point of reflection is how hybrid values potentially influence aspiration, the attainment of resources, as well as entrepreneurial performance, all of which shape youth entrepreneurial identity.

In order to locate values as a potential entrepreneurial resource, this chapter proceeds with a consideration of values. Here, particular attention is paid to how young black entrepreneurs identify with both archetypal western and indigenous values through hybridity. The chapter concludes with the provision of a conceptual framework which depicts how hybridity is enacted as a potential entrepreneurial resource. A number of hypothesised relationships between aspects of the framework are accordingly derived. These then serve as the foundation for the subsequent chapters in which the framework is tested.

2.2 Understanding entrepreneurial values

In understanding how the entrepreneurial values of black African youth might underpin their entrepreneurial identity, it is important to understand, at the outset, what values are.

2.2.1 Defining values

Values have been largely analysed through the functionalist doctrine of universality and are therefore 'universally' understood to be programmed or learned orientations which influence behaviour and which serve as 'guiding principles' (Morris and Schindehutte, 2005: 454; Schwarz et al., 2001: 521). When acted on, they lead actors to form conclusions about the relative desirability of and preference for an 'end state' which will transpire as a consequence of a particular course of action (Hofstede, 2001: 5; Rokeach, 1973: 5; Schwartz, 1992: 4; Schwartz, 1999: 24).

Importantly, values are considered to be central tenants of culture when common values are adopted and shared by the collective. Kroeber and Parsons (1958: 583), for instance, define culture as '… patterns of values, ideas and other symbolic-meaningful systems as factors in shaping of human behaviour'. According to Kluckhohn and Strodtbeck (1973) national cultures could be understand as prescribed value orientations which varied within a specified range. Finally, Hofstede (1980; 2001), in reflecting on national cultures, found values to be a key, defining component.

2.2.2 Measuring values: a critical analysis

In measuring values, researchers have evolved different inventories. The most important of these will be briefly discussed in chronological order below. In reflecting on the different inventories, it should be noted that some resonance can be found amongst the different dimensions.

2.2.2.1 Kluckhohn and Strodtbeck's value orientations

The Kluckhohn and Strodtbeck (1937) framework examines variations in five different value orientations. The different orientations are human nature; man-nature; time; activity and relational. The range of variations along which each of these differ are, respectively: evil –good; subjugation to nature – mastery over nature; past – future; being – doing; and lineality (communalism) – individualism (see Table 2.1).

Table 2.1 – Kluckhohn-Strodtbeck's framework of cultural values

Cultural Issue	Variations		
Relationship to nature	Domination	Harmony	Subjugation
Time orientations	Past	Present	Future
Activity orientation	Being	Doing	Controlling
Nature of people	Good	Evil	Mixed
Relationships among people	Individualist	Group	Hierarchical

(Larson, and Gray, 2011:543)

Kluckhohn and Strodtbeck's (1937) orientations are largely premised on their belief that there is a commonality to human values, but that variation in how values

manifest might occur from culture to culture. Such variations are, however, limited within a prescribed range.

2.2.2.2 Rokeach's end-state vs instrumental values

Rokeach's (1973) 'Values Survey' measures 18 terminal ('end state' values) and 18 instrumental values (see Table 2.2).

Table 2.2 – Rokeach's terminal and instrumental values

Values orientation	Description
Terminal values	a comfortable life; an exciting life; a sense of accomplishment; a world at peace; a world of beauty; equality; family security; freedom; happiness; inner harmony; mature love; national security; pleasure; salvation; self-respect; social recognition; true friendship; wisdom
Instrumental values	ambition; broadmindedness; capable; cheerfulness; cleanliness; courageousness; forgiving; helpfulness; honesty; imaginative; independent; intellectual; logical; loving; obedient; polite; responsible; self-controlled

(Johnston, 1995: 583; Rokeach, 1973: 7)

Instrumental and terminal values are interrelated to the extent that '…all the values concerning modes of behaviour are instrumental to the attainment of all the values concerning end-states' (Rokeach,1973: 12). However, the correspondence between instrumental and terminal values is such that there is not necessarily a direct accordance between any one instrumental and terminal value (Rokeach, 1973).

2.2.2.3 Hofstede's dimensions of national culture

Hofstede's (1980; 2001) framework of dimensions of national culture arguably remains the most popular and commonly used. Based on a global study of 88 000 respondents across 50 countries, Hofstede evolved four dimensions. These include individualism versus collectivism, power distance, uncertainty avoidance and masculinity-femininity, and function to measure various aspects of national culture. A fifth dimension, namely, short- versus long-term orientation, was added by Michael Bond, based on a global study involving students from 23 countries, and was later extended to include 93 countries (Hofstede and Minkov, 2010). In 2010, indulgence versus restraint, as sixth dimension, was added, based on data from Michael Minkov's World Values Survey of 93 countries (Hofstede, 2011). These six dimensions are described in Table 2.3.

Table 2.3 – Hofstede's six dimensions

Dimension	Description
Power distance	A measure of the extent to which less powerful members of a society accept an unequal distribution of power.
Individualism vs Collectivism	A measure of the extent to which an individual forges bonds with others: those societies with loose bonds are individualistic – that is, individuals tend to only consider their own interests, as well as the interests of their immediate family. Societies with strong bonds are collectivist: here, individuals form part of cohesive groups with broader communities, and tend to consider the interests of the collective ahead of their own.
Uncertainty avoidance	A measure of risk aversion, this dimension reflects on the extent to which a culture is accepting of unstructured situations (i.e. atypical, novel and new situations which are abnormal). Those cultures which are less accepting of such situations (and hence more risk averse) tend to favour greater regulation, a strict rule of law and a belief in a single and absolute truth. The converse is true of cultures who are less risk averse and more accepting of unstructured situations. These cultures tend to favour less regulation, and more tolerant of a diversity in opinions. Additionally, such cultures tend to be more relativist, and accordingly demonstrate greater tolerance of divergent religious beliefs.
Masculinity vs Feminity	This dimension refers to the extent to which a culture exhibits stereotypical masculine or feminine values. A 'masculine' culture is considered to be assertive and competitive, while a feminine culture incorporates elements of compassion, modesty and caring. In feminine cultures, women and men share similar modest and caring values, whilst women in masculine cultures tend to be less aggressive and competitive than men.
Long-vs Short-Term Orientation	This dimension is a measure of the extent to which a culture's focus is either in the present or in the future. For instance, those cultures with a short-term orientation have a greater focus on tradition, 'saving face, and social niceties. Cultures, however, with a long-term orientation tend to be more pragmatic, and therefore focus on activities with future rewards such as savings, persistence and the like.
Indulgence vs Restraint	This dimension expands on the relative hedonistic nature of a culture. For instance, members of an indulgent culture tend to be seen as freely enjoying life, and having fun, whereas members in restrictive cultures limit indulgent behaviour, and self-gratification through normative behaviour.

(Hofstede, 2011: 9-16)

2.2.2.4 Schwartz's PVQ

Schwartz's (Schwartz, 1992; Schwartz et al., 2001) Portrait Values Questionnaire also bears consideration. The PVQ essentially used the same dimensions evolved originally in Schwartz's Value Survey (SVS). Power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity and security are the listed dimensions. The PVQ is considered to be less abstract and cognitively complex whilst being more accessible, enabling the testing of values in a multiplicity of different non-westernised contexts.

2.2.2.5 The GLOBE dimensions

The GLOBE research programme serves as the final values inventory to be considered. GLOBE is a 'multi-phase, multi-method project in which investigators spanning the world are examining the interrelations between societal culture, organisational culture, and organisational leadership' (House, Javidan and Dorfman, 2001: 491). Nine dimensions form the basis of the GLOBE study (see Table 2.4).

The nine dimensions are seen to be attributable to or derived from other inventories. For instance, the first six dimensions have their origins in Hofstede's (2001) uncertainty avoidance, power distance, and individualism versus collectivism dimensions. Gender egalitarianism and assertiveness can be seen to be derived from Hofstede's masculinity versus femininity dimension. House et al. (2001) suggest that future orientation is derived from Kluckhohn and Strodtbeck's (1937) past, present and future orientation, although it might be argued that Hofstede's (2001) long-versus short-term orientation has applicability too. Finally, performance orientation is derived from McClelland's N-Ach (need for achievement), whilst

humane orientation is based on McClelland's N-Aff (need for affiliation), Kluckhohn and Strodtbeck's (1937) human nature dimension as well as Putnam's (1993) work on civics (House et al., 2001).

Table 2.4 – The GLOBE Project's 9 dimensions

Dimension	Description
Uncertainty avoidance	The extent different institutions are used to avoid unpredictable futures.
Power distance	The degree to which there is an acceptance of an unequal distribution of power.
Collectivism I (societal collectivism)	The degree to which distributive and collective actions are encouraged and rewarded
Collectivism II (in-group collectivism)	The degree to which individuals express pride, loyalty and cohesiveness within families and organisations
Gender egalitarianism	The extent to which gender differences and discrimination are minimised
Assertiveness	The extent to which individuals are assertive, confrontational and aggressive
Future oriented behaviours	The degree to which future oriented behaviours are encouraged
Performance orientation	The extent to which performance improvement and excellence are encouraged and rewarded
Humane orientation	The extent to which individuals are encouraged and rewarded for being caring, fair, altruistic, generous and kind to others.

(House et al., 2001: 495-496; Javidan and House, 2001: 293-301)

The GLOBE study is not without its detractors. Hofstede (2006), in commenting on the study as an extension of his dimensions, mounted a number of critiques. He maintained that the GLOBE study was insensitive to the worldviews of the respondents (their eco-logic), and items were figments of a US-centric imagination

(their psycho-logical) (Javidan, House, Dorfman, Hanges and de Luque, 2006). Moreover, he criticised the researchers for the number of dimensions (9 x 2). His overall critique centred on the limited information processing capabilities of the human mind, suggesting that seven dimensions represented an optimal number. In his analysis of the GLOBE data, he claimed to have reduced the study's dimensions to five, which loosely conformed to those in his study (Hofstede, 2006).

In response, however, Javidan et al. (2006), responded by juxtaposing their study with Hofstede's (1980), and in so doing drawing attention to possible flaws in Hofstede's (1980) critique. By underscoring the rigour of psychometric tests used in their study, Javidan et al. (2006) dispel the notion that their study is not ecologically focused. At the same time, they suggest that Hofstede's own study might well have succumbed to ecological fallacy. They pointedly contend that 'Hofstedian Hegemony' dominates studies on cross-cultural research, and make a call, instead, for a more inclusive space, such that the relevance of other logics reflecting on culture are deemed relevant (Javidan et al., 2006).

2.2.3 Values and entrepreneurship: trends and observations

Values have been the subject of several studies relating to entrepreneurial behaviour[6]. Indeed, seminal Schumpeterian (1943) and Weberian (1930/2005) conceptualisations of entrepreneurship draw strongly on the importance of culture and values. Given the earlier definition of values, it is easy to understand why.

[6] See Davidsson, 1995; Hayton, George and Zahra, 2002; Lumpkin and Dess, 1996; Marino, Strandholm, Steensma and Weaver, 2002; McGrath, Macmillan and Scheinberg,1992; Morris and Schindehutte, 2005; Mueller and Thomas, 2001; Schumpeter, 1943; Shane, 1994; Weber, 1930/2005; Urban, 2006

Personal values guide entrepreneurs in both deciding to start a venture as well as in how they approach running a venture (Morris and Schindehutte, 2005).

Entrepreneurial values, which are widely ascribed as need for achievement, wealth creation, individualism, competitiveness, and a strong work ethic, tend to be based on western norms (Morris and Schindehutte, 2005). Yet, it has been suggested that, regardless of the context or culture, these western values prevail when it comes to entrepreneurial activity. For instance, it is argued that value sets which guide social and moral norms might arguably prove distinct from those norms which promote business enterprise (Morris and Schindehutte, 2005). One particular way of explaining this phenomenon might be through cross cultural cognitions which might differ according to degrees of entrepreneurial involvement rather than culture (Mitchell, Smith, Seawright and Morse, 2000).

Given extant studies on entrepreneurship, three closely linked observations can be made. The first, and most important, is that most studies are based on preconceived notions of universally applicably entrepreneurial values. Ultimately, different values inventories are derived from nomothetic cross-cultural research in so far as they seek to identify universal values that can be ‘measured and compared between cultures (Williamson, 2002: 1387). Such research purports to provide more precise measures of values which are parsimonious, understandable and generalisable (Williamson, 2002: 1392).

The second observation is that most studies are predominantly western in nature, with a minority considering values in Asian countries, and few, if any, reflecting on Africa. In general, Bruton, Ahlstrom and Obloj (2008) point to a general paucity in

entrepreneurial research conducted in emerging economies. Less than half a percent of some 7 482 articles published across nine high impact journals, over a 16 year period between 1990 and 2006, were found to deal with emerging economies. They found a total absence of research on sub-Saharan Africa.

What becomes significant, here, is an understanding (or potential lack thereof) of the role that atypical values play in shaping entrepreneurial propensity. Conventionally, it is argued that atypical values such as collectivism might detract from entrepreneurial endeavours (Takyi-Asiedu, 1993; Morris and Schindehutte, 2005). Despite this, Pinillos and Reyes (2011) demonstrate that higher levels of individualism do not necessarily translate into higher levels of entrepreneurship. Individualism was negatively correlated to TEA when a country's level of development is medium or low. Thus, it might be argued that those cultures which are not traditionally western, might potentially display entrepreneurial propensity. It is therefore important to understand entrepreneurial behaviour and identity in different contexts on the basis of indigenous values (Lindsay, 2005; Dana, 1995).

Urban's (2006) study notwithstanding, only a limited understanding of entrepreneurial values within an African context has been provided. Certainly however, none can be found which actually understand entrepreneurial identity in relation to indigenous values, particularly within a heterogeneous, South African context. The interplay between indigenous values and entrepreneurial behaviour can be found, to some extent, in the emerging field of 'indigenous entrepreneurship'[7]. In contextualising and locating entrepreneurial behaviour and

[7] This field of study has marked similarities to the field of 'ethnic entrepreneurship' (see Morris, Schindehutte and Lesser, 2002; Urban, 2011a)

entrepreneurial identity creation within indigenous cultures, entrepreneurial research suggests that various conventional notions of entrepreneurship determined within a western paradigm do not necessarily apply within indigenous communities (Dana, 1995; Hindle and Landsdowne, 2007; Peredo, Anderson, Galbraith, Honig, and Dana, 2004).

It is accordingly held that deep-seated cultural beliefs affect entrepreneurial behaviour such that conventional entrepreneurial values such as opportunity identification, individualism, risk taking and the pursuit of profit might not hold when localised. Indeed, Lindsay (2005), in contributing to atypical understandings of the entrepreneur, maintains that indigenous entrepreneurs might be strongly collective, more risk averse and indeed, exhibit less competitively aggressive behaviour than their western counterparts. The fascination with this area of research derives, therefore, largely from its currency as a mechanism to understand how indigenous knowledge and values serve to shape entrepreneurial behaviour and process in predominantly resource-strapped environments.

Within a South African environment, the notion of what is 'indigenous' is subject to some debate. Particularly, ascribing the status of indigenous is seen as separatist and might thus run counter to democratic and liberal ideals Moreover, the very notion is considered essentialist, and patronising to the extent that 'indigenous' is seen as a euphemism for 'primitive' (Kuper, 2003). At the same time, notions of heritage, self-determination and the assertion of cultural identity are sometimes confounded with notions of colonialism when attempting to define those who are indigenous. It, therefore, becomes particularly difficult to define the 'indigenous entrepreneur' in its purest sense within the South African context.

This said, and while this research does not purport to identify 'indigenous entrepreneurs' per se, it is concerned with how indigenous values might interact with archetypal western values to from a hybrid identities. To this end, two considerations of the potential for an indigenous value set might be posited. The first is that indigenous values are commonly associated with the marginalised, informality, and necessity entrepreneurship (see Storr and Butkevich, 2007). Black youth entrepreneurs in the informal economy, as argued previously, represent a vulnerable social group in a marginalised space. Thus, because of this, an indigenous value set might be seen to function within this context.

The second consideration, in reflecting on the potential for an indigenous value set within South Africa, is given to a discernibly localised and indigenous value system, commonly known as 'Ubuntu' (Zulu/Xhosa) or 'Botho' (Tswana), which underscores most if not all of the major African cultural groupings (Mangaliso, 2001; Broodryk, 2002; Khoza, 2006). Ubuntu essentially means communalism and humanism, with an emphasis on human relations (Samkange and Samkange, 1980; Venter, 2012). It is recognised as the African philosophy of humanism, linking the individual to the collective through 'brotherhood' or 'sisterhood' and makes a fundamental contribution to indigenous

> ways of knowing and being . . . it is borne out of the philosophy that community strength comes of community support, and that dignity and identity are achieved through mutualism, empathy, generosity and community commitment (Swanson, 2007:55–6).

For Broodryk, (2002), the essence of Ubuntu is the notion of humanness. He defines it as

> …a comprehensive ancient African world view based on the values of intense humanness, caring, sharing, respect, compassion and associated values, ensuring a happy and qualitative human community life in the spirit of family (Broodryk, 2002: 26).

As Mangaliso (2001: 25) further suggests, Ubuntu is the foundation for the basic values that manifest themselves in the ways African people think and behave toward each other and everyone else they encounter'. Loosely, values attributed to Ubuntu are largely atypical with a greater focus on collectivism. If taken to be a guiding principle, then Ubuntu as a value system should ideally impact all facets of the way in which business is conducted, including entrepreneurial behaviour and entrepreneurial identity. To date, research on ubuntu within an economic context focuses largely on leadership theory and managerial behaviour (Bendixen and Burger, 1998; Jackson, 1999; Khoza, 2006). Beyond this, however, not much research on how Ubuntu influences entrepreneurial behaviour exists, other than Morris, Schindehutte and Lesser's (2002) comparative study of coloured and black entrepreneurs in South Africa. However, because it is seen to be in conflict with individualism, it is considered to potentially place a downward pressure on entrepreneurial behaviour and identity which is largely western in orientation (see Takyi-Asiedu, 1993).

There are three caveats to a consideration of Ubuntu, however. The first is that while Ubuntu is taken to be a (South) African construct, the values which underpin it are shared by many cultures. The second is that the notion of Ubuntu is idealised and perhaps even romanticised. Although it is built on African traditionalism, relatively little has been done to understand how the value system has survived, particularly through the lens of post colonialism. At the same time, what is less clear is the conditions under which values attributed to Ubuntu are relevant, and indeed

whether they are attributable to entrepreneurial behaviour. Morris and Schindehutter (2005) draw a distinction between those values that guide social behaviour, and those which potentially drive entrepreneurial propensity. The third caveat is that care must also be taken not to 'universalise' the concept by reflecting it as an absolute for all (black) South Africans. Here, for instance, transmission of values between generations is an important consideration. Thus, whilst it is believed that indigenous values should be transmitted from one generation to the next (Khoza, 2006), little research has been undertaken to understand contemporary youth understandings and interpretations of South Africa's indigenous value system, particularly within the field of entrepreneurship.

At the same time, the notion of Ubuntu is often brought into sharp relief when contemplating the emergent black middle and upper-middle class. These new, bourgeoisie black South Africans are often criticised for negating the principle of Ubuntu through a perceived accumulation and flaunting of massive wealth (Tabane, 2010). What becomes pertinent here, therefore, is whether Ubuntu is still considered relevant within a consumptive, neoliberal context.

The third and final observation pertaining to the study of culture is that most studies on entrepreneurial culture and values tend to draw on Hofstede's (1980; 2001) dimensions, resulting in the 'Hofstedian Hegemony' described above (Javidan et al., 2006). There is of course a degree of fit between Hofstede's dimensions and archetypal, western entrepreneurial attributes. For instance, successful western entrepreneurial cultures are seen to exhibit moderate individualism and collectivism, low uncertainty avoidance, higher masculinity, lower power-distance and higher long-term orientation (Hofstede, 1980, 2001; Venter et al., 2008).

Where Hofstede's dimensions have not featured directly, they have certainly influenced other studies. For instance, the GLOBE project's nine dimensions, as discussed above, are heavily influenced by Hofstede's dimensions. At the same time, where different studies have pointed to 'atypical value sets', whether these be Eastern or indeed African, such 'indigenous values' are often seen to inhibit entrepreneurial behaviour based on derived understandings of Hofstede's values. Morris and Schudenhutte's (2005) point, for instance, to the close alignment between the Chinese Value Survey and Hofstede's values such that one non-matching dimension, Confucius Work Dynamism, was added to Hostede's dimensions in the form of 'Long Term Orientation'.

This said, Hofstede (1980) is not without critique. Two particularly relevant challenges to Hofstede are his potentially essentialist treatment of values, which derives from the bipolar nature of the dimensions, as well as the positivist nature of his research, using a questionnaire to determine culture (McSweeney, 2002). The measurement of values using a positivist approach is not invalid to the extent that research undertaken is technically correct. For instance, Williamson (2002) points to the fact in so far as Hofstede paradigmatically located his study in the positivist school, he adopted sound techniques which were appropriate. This research, therefore, resonates with Hofstede to the extent that it adopts positivism to measure values.

At the same time, however, this research seeks to move beyond Hofstede's essentialised treatment of values by measuring hybridity, which is, for the purposes of this research, is the mixing of archetypal western and indigenous values. What is pertinent to Hofstede's anaylsis of culture is that characteristics of national cultures

dominate such that smaller sub-cultures, even though they might vary, still subscribe to national tendencies (Holliday, 2013). However, this further suggests, using Dweck's (1999) notion of entity theory, that, given, the underlying nature of the 'social essence' which defines a particular group, individuals cannot readily change their group membership (Kashima et al., 2005). In this research, it is argued, nonetheless, that through hybridity, individuals do indeed change their value-orientation and thus potentially acquire an increasingly western value set in order to potentially survive in a dominant, western business culture (Venter et al., 2008). Here, therefore, both indigenous and western values are given equal weighting, using LaFramboise, Coleman and Gerton's (1993) notion of alternation, in forming a hybrid identity. The treatment of a hybridity scale is considered in more detail in Chapters Three and Four, while a consideration of hybridity is provided below through an examination of its two underlying processes, namely biculturalism and hybridisation.

2.2.4 Biculturalism and hybridity

Thus far, values have been considered from an entrepreneurial perspective as falling on either side of a spectrum, with entrepreneurs exhibiting either archetypal western values or embracing atypical indigenous entrepreneurial values. Such an understanding often leads to a valorisation of one value set above the other (with the notion of the 'indigenous' often regarded as diminished from an entrepreneurial point of view). At the same time, values are often considered from either a purely western or African perspective and are thus essentialised.

There is, however, another way of understanding values and that is through a consideration of biculturalism and hybridity. Simply put, both biculturalism and hybridity, in the context of a study on culture and values, refer to the mixing of different cultures and values in order to create a new cultural identity. At this juncture, however, it is important to distinguish, at least from a disciplinary perspective, between biculturalism and hybridity.

2.2.4.1 Biculturalism

The notion of 'biculturalism' is attributed to psychological studies on culture. Nguyen and Benet-Martínez (2007) suggest, however, that within psychology, little concurrence exists when it comes to defining the construct. They further distinguish between loose and strict definitions. Individuals who identify with cultures different to the mainstream, and thus embody a cultural dualism, are loosely seen as bicultural and might include immigrants, ethnic minorities and the like (Nguyen and Benet-Martínez, 2007).

A stricter consideration of biculturalism suggests greater involvement on the part of the individual. For instance, here, biculturals might actively embrace and engage with two different cultures, and demonstrate an ability to alternate between different norms and practices in response to different cues (Benet-Martínez, Lee and Leu, 2006; Hong, Benet-Martínez, Chu and Morris, 2000). Such cues might be overt (such as responses to attire, civic artefacts and the like) as well as more implicit (for example, expectations and roles that are rooted in a context) (Benet-Martínez et al., 2006).

Barry (1990) further suggests that individuals in multicultural contexts are confronted by two issues: the first is the extent to which they maintain contact with their culture of origin and the second is the extent to which they identify with and participate in the dominant culture (Benet-Martínez et al., 2006). Here, individuals facing these issues might engage in one of four strategies: assimilation (identification with the dominant culture); integration (identification with both cultures – akin to alternation or biculturalism); separation (identification with the culture of origin – akin to multiculturalism); or marginalisation (low identification with both the dominant and ethnic cultures). Overall, though, given their relatively more complex cultural competency and cultural knowledge, biculturals are better equipped than monocultural individuals to function in culturally diverse environments but only to the extent that a domain is not culturally neutral (Benet-Martínez et al., 2006). Such culturally neutral domains are context specific, but include issues that are not influenced by culture overall.

Lafromboise et al. (1993) identify five different models that have been used to explain the acquisition of alternative cultures by individuals. These include assimilation, acculturation, alternation, multiculturalism and fusion. The core of each of these is briefly distilled in table 2.5 below.

Table 2.5 – Models of cultural acquisition

Model	Description
Assimilation	Individuals are absorbed, systematically, into a dominant culture which they perceive to be more desirable. As individuals therefore attempt to assimilate with the dominant culture, they lose touch with their original or ethnic culture. Through this process, there is a potential risk that individuals might be rejected by either the dominant culture or indeed the culture of origin.
Acculturation	This model similarly presumes that an individual will acquire a dominant culture, thus moving away from a culture of origin. However, unlike assimilation, individuals do not entirely lose touch with their cultures of origin through acculturation, and are thus always identified as part of that original culture. Of interest is that acculturation is usually involuntary as individuals are 'forced' to adopt the dominant culture. Moreover, the process of acculturation often results in individuals feeling like 'second class citizens' within the dominant culture.
Alternation	This is perhaps closest to the notion of biculturalism adopted in this study. Here, individuals adopt two different cultures and accordingly are able to 'shift' between cultures according to different social contexts. The salient difference, therefore, between alternation and the previous models is that individuals are able to retain and maintain two different cultures without having to choose either one. This suggests that the cultures are equally weighted even if they're not equally valued (based on circumstance) and there is no sense therefore of a 'dominant' culture. Because of this, it is thus possible to consider a bidirectional effect in which one culture might impact that other. Finally, the model implies an element of agency to the extent that individuals may choose how interactions with different cultures might occur, or indeed, use cultural knowledge selectively to fulfil different goals/objectives (Chiu and Chen, 2004).
Multiculturalism	This model adopts a pluralistic stance to the extent that two or more cultures are able to retain relatively distinct identities whilst simultaneously demonstrating tolerance for and interacting with other cultures. Such an approach suggests that each culture can potentially therefore lay claim to some form of specific recognition and protection of ethnic identity. Yet, separatism might only thrive under conditions of choice or indeed, institutionalised discrimination.
Fusion	This model extends the metaphor of the 'melting pot' or 'rainbow nation' to the extent that it maintains that various cultures sharing a particular social context will eventually meld, thus forming a new, discernible culture. What is less clear, however, is the directionality of the acculturation process. In other words, on might presume that, in an ideal world, each culture contributes in equal measure to the new culture. However, it is entirely possible, here, that minority/indigenous cultures merge with a dominant culture, such that individuals relinquish their culture of origin to be part of the dominant group. It is also possible that cultural learning is bidirectional, and that cultures of origin impact dominant cultures.

(LaFromboise et al.,1993: 396-401)

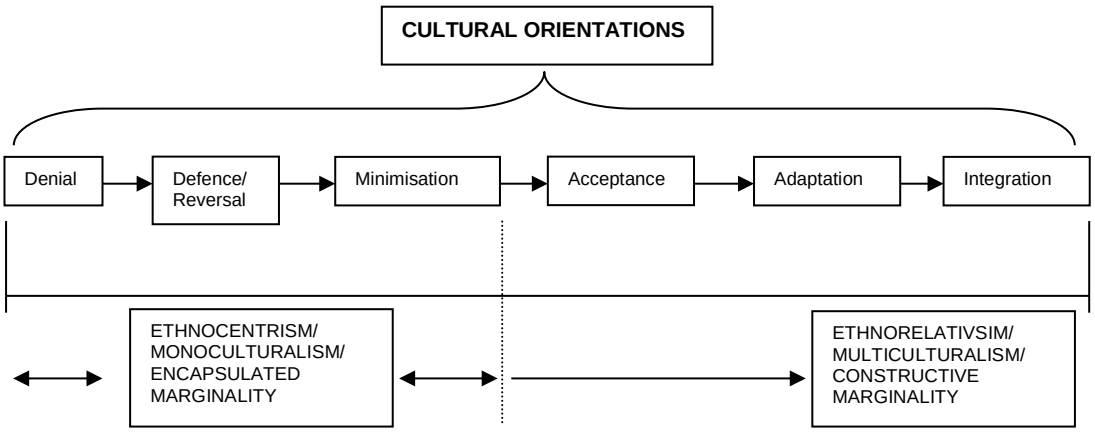
What is important to consider is that different models of second culture acquisition are by no means mutually exclusive, and any of the different models might be applicable depending on specific circumstances and context. Biculturalism, which ultimately is an extension of the alternation model, is simply a non-ideal typical alternative that is very useful in the context of this doctoral study.

Key to an understanding of biculturalism, is a consideration of how biculturals potentially evolve and emerge. Here, constructivism provides a basis for an exploration of this phenomenon. Hammer, Bennett, and Wiseman's (2003) Developmental Model of Intercultural Sensitivity (DMIS) is particularly useful in providing a sense of the evolution of biculturals. According to Hammer et al. (2003: 423), the model proposes that

> as one's experience of cultural difference becomes more complex and sophisticated, one's potential competence in intercultural relations increases.

A constructivist approach rests at the heart of the model. In other words, as individuals experience cultural difference, so they are able to make meaning of the event based on the perceptual abilities and insights brought to bear. Accordingly, the DMIS rests on the assumption that individuals are able to successfully create and integrate cultural identities and differences to evolve their cultural worldviews.

Figure 2.1 below provides an illustration of the DMIS. Six different cultural orientations are grouped according to their relative degree of ethnocentricism or enthnorelativism. The former refers to a general desire to avoid cultural difference, while the latter refers, broadly, to the extent to which cultural difference is embraced (Hammer et al., 2003).



(adapted from Hammer et al., 2003: 424; Hammer, 2011: 475)
Figure 2.1 – Intercultural Development Continuum

'Denial' is arguably the 'purest' form of monoculturalism. Here, individuals perceive their own culture to be the only valid culture. As a consequence, no cognisance is taken of other cultures and, accordingly, of cultural difference. Individuals engaged in denial tend to either ignore cultural differences, or, indeed, eliminate them if they encroach on their own cultural orientation (Hammer et al., 2003). During the 'defence/reversal' phase, individuals tend to view their culture in non-critical terms as compared to other cultures. In other words, their culture is the only 'viable' culture (Hammer et al. 2003). Here, of course, the tendency then, is to view other cultures more critically. The salient difference, therefore, between 'denial' and 'defence' is that individuals embedded within the 'defence' phase have cognisance of differences between cultures. The notion of 'us versus them' becomes central, as a consequence (Hammer et al., 2003), and perceptions of the relative influence of cultural difference will vary according to whether an individual belongs to a more or less dominant culture.

‘Reversal’ is a variation of ‘defence’ to the extent that individuals involved in reversal are more critical of their own cultural values and less so of other cultural values (Hammer, 2011). Here, the pejorative term ‘going native’, in which colonialists alternatively felt trepidation at, or were actively seen to sympathise more with their subjects rather than with their home country, is commonly referred to (see for instance Caslin, 2012).

During ‘minimisation’, individuals might universalise cultural values (Hammer, 2011). Here, cultural differences are more strongly acknowledged, although these differences are ‘explained way’ using ‘universal absolutes’ (Hammer et al., 2003: 425). In other words, cultural differences might simply be reduced to common factors across many different cultures. Here, for instance, different religions often share common principles and values. At the same time, however, through minimisation, members of a dominant culture find acceptance of their privileged status in society (Hammer et al., 2003).

At the stage of ‘acceptance’, individuals are receptive to differences between cultures (Hammer, 2011). This amounts, however, to a general ‘tolerance’ of differences, rather than agreement with cultural differences. However, it equally goes to acknowledging that differences equally exist in other cultures, and thus, all cultures share an equal status of sorts (Hammer et al., 2003).

‘Adaptation’ and ‘integration’ are most akin to the notion of ethnorelativsim. During ‘adaptation’ individuals gain an acceptance of cultural difference and they are able to assimilate or even adapt to other cultures. In other words, cultural differences are appreciated, and potentially celebrated through ‘shifting cultural perspective and

changing behaviour in culturally appropriate and authentic ways' (Hammer, 2011: 475). The salient difference between 'acceptance' and 'adaptation' rests in the ability to actively engage in behavioural change rather than mere cognitive change. If this change becomes habitual, it forms the basis of ethnorelativism or multiculturalism.

'Integration' refers to an expanded sense of self, which occurs through a shifting between different world views. Here, individuals forge identities '... at the margins of two or more cultures and central to none' (Hammer et al., 2003: 425). It is through this 'happy mixing of cultures' that the notion of biculturalism ultimately arises. Therefore, 'integration' is, in its essence, the purest form of multiculturalism.

A further consideration of constructivism, within the domain of biculturalism, considers how cultural knowledge underscoring a switching between cultures may manifest. This is alternatively called 'cultural competency' and suggests that biculturals are able to selectively deploy knowledge about different cultures to guide their interactions with individuals from that culture (Chiu and Hong, 2005). Cultural competency underscores the agentive quality of biculturalism.

The notion of Cultural Frame Switching (CFS) is used to further consider cultural competency. Based on a dynamic constructivist approach, in which individuals use cultural knowledge to construct meaning, CFS involves the 'application of different cultural frames or cultural meaning systems to the processing of and reaction to everyday social situations' (Benet-Martínez et al., 2006: 387; Hong et al., 2000; Hong, Benet-Martínez Chiu and Morris, 2003).

The application of these frames is largely determined by different cultural cues (both explicit and implicit) which are concomitant with different social contexts relevant to the bicultural. What is useful about CFS, is that, as opposed to the DMIS (which describes a particular outcome of acculturation), it focuses on how acculturation and integration occurs. A dynamic constructivist approach suggests that acculturation is a process and behaving like a member of a mainstream culture is a 'state' which is managed through the controlling of different cultural constructs (Hong et al., 2000).

Bicultural competence (and hence CFS) is predicated on a number of different capabilities. LaFramboise et al. (1993) distil these as follows:

- Knowledge of cultural beliefs and values: biculturals need ideally to demonstrate an innate knowledge and acceptance of a particular culture's beliefs and practices;
- Positive attitudes towards both groups: bicultural competency is equally derived from the ability of the bicultural to reflect positively on both cultures (although not necessarily perceiving them to be equal at all times);
- Bicultural efficacy: a derivation of self-efficacy, biculturals should necessarily believe that they are able to successfully navigate two cultures simultaneously without compromising their own cultural identity;
- Communication ability: language competency and the ability to effectively communicate with the other culture is considered a central tenant of bicultural competency;
- Role repertoire: here, bicultural competency is predicated on the possession of idiosyncratic cultural roles and behaviours, which enable biculturals to navigate social interactions more successfully;

- Groundedness: the successful navigation of two different cultures is predicated on the extent to which a bicultural is able to build and maintain social support within both cultures, most commonly through stable networks.

Beyond specific capabilities, it is important, however, to realise that experiences of biculturals differ. Thus, while by definition, all biculturals find accord with both their ethnic as well as the dominant cultures, some are better able to integrate different cultural identities than others. The notion of Bicultural Identity Integration (BII) is particularly useful in this regard, to the extent that it influences CFS (Benet-Martínez, Leu, Lee and Morris, 2002; Benet-Martínez and Hartitatos, 2005). Individuals, therefore, with a high BII experience compatibility between cultures. They consider themselves part of a 'hyphenated culture' or even part of 'third or emerging culture'. (Benet-Martínez and Haritatos, 2005:1019). Such individuals will behave in accordance not only with the dominant culture when presented with cues from that culture but also with their culture of origin when presented with cues from that culture. At the same time, individuals with a low BII perceive their two identities to be oppositional and will likely react to cues from the dominant culture by behaving according to their culture of origin and visa versa (Benet-Martínez et al., 2002).

2.2.4.2 Hybridity

Although it is acknowledged that the notion of biculturalism can be broadly applied to any pairing of cultures (whether these be geographical, or generational), extant studies on biculturalism tend to focus on ethnicity (and more specifically, Asian versus American identities) (see for instance Benet-Martínez and Hartitatos, 2005; Nguyen and Benet-Martínez, 2007). Moreover, because of its disciplinary home,

studies on biculturalism tend to focus on psychological consequences of cultural mixing and the psychological responses of biculturals, such as stress are foregrounded (LaFramboise et al., 1993).

The notion of hybridity, however, provides an alternative way to consider cultural mixing. The 'hybrid' originates from biology and conventionally refers to the offspring which result from the mating of unlike species (Stross, 1999). The cultural hybrid, much like the bicultural, is therefore:

> ... a metaphorical broadening of this biological definition. It can be a person who represents the blending of traits from diverse cultures or traditions, or even more broadly it can be a culture, or element of culture, derived from unlike sources; that is something heterogeneous in origin or composition (Stross, 1999: 254).

More specifically, however, through hybridity, the influence of western hegemonic values on different indigenous and ethnic values is examined, with particular reference to how the values 'mix'. This then suggests, as expounded on below, that, hybridity, unlike biculturalism, is most concerned with issues of power and contestation.

Bourdieu through his *Theory of Practice*[8], provides a basis for understanding how hybridity might play out within the social sphere (Bourdieu, 1984; Seidman, 2004).

[8] For Bourdieu, the notion of practice (and thus social action) finds meaning through the following formula: **[(habitus) x (capitals)] + fields = practise** (Bourdieu, 1984: 101). Habitus 'designates the system of durable and transposable dispositions through which we perceive, judge and act in the world' (Wacqant, 2006: 4). It is a 'structured and structuring' structure that unites both the institutional rules and guidelines that structure our existence, as well as the actors, operating within the system, who have agentive abilities to change these rules and codes of practise (Dworzanowski-Venter and Binikos, 2008). The habitus and concomitant schemata of rules and guidelines that an individual might acquire is entirely dependent on the different capitals (including economic, social, cultural and symbolic) that they accumulate as demonstrated by the multiplicative function, in the formula detailed previously (Wacquant, 2006). The fields on the other hand, refer to the different social spaces in

Here, Bourdieu considers the notion of legitimacy, and indeed, legitimate culture. In so doing, he suggests that '(i)t is a matter of social power which determines which cultural objects are valued' (Seidman, 2004: 152). Here, cultural objects are specifically taken to include the notion of values.

Therefore, in applying this to the notion of hybridity within the context of this study, the informal economy, which in terms of Bourdieu's *Theory of Practice* might be taken to represent the field for it represents a space of structural inequality and contestation. Here, therefore, different values might be seen to 'rub' against one another and accordingly 'embodied' to varying degrees with the potential for acting as a form of cultural capital (Bourdieu, 1986; Rudwick, 2008). These values include both archetypal, western values and indigenous values. The former are most associated with greater formality, and legitimacy through the notion of opportunity entrepreneurship, whilst the latter are most commonly attributed to greater informality, and necessity entrepreneurship (through, for instance, the notion of subalternity and its relationship to informality) (see Storr and Butkevich, 2007).

The work of Bhabha (1990; 1994) is also informative in shaping an understanding of the hybrid through a postcolonial lens[9]. For Bhabha, hybrids are not mere bearers of culture, but indeed, creators of culture (Rudwick, 2008). He suggests that '..the process of cultural hybridity gives rise to something different, something new and

which struggles for resources (or capitals) occur. A field is accordingly structured according to what is at stake within it, whether it be educational, cultural, economic or even political resources (Wolfreys, 2000). Power is central to the field: the ability to manipulate resources is a key aspect of power struggles and indeed of how fields operate (De Clercq and Voronov, 2009b).

[9] Indeed, Ashcroft, Griffiths and Tiffin (2007: 108) suggest that hybridity is one of the 'most widely deployed and most disputed terms in post-colonial theory'. Here, issues of identity are particularly salient such that through subjugation and domination, predominantly western colonial powers sought to establish and maintain their sphere of influence. As such, all that was not western/European was reflected negatively, and indeed, was 're-inscribed' to be western/European (Nkomo, 2011). This in turn resulted in new emergent hybrid identities.

unrecognisable, a new area of negotiation of meaning and representation' (Bhabha, 1990: 211). For Bhabha, hybridity offers something novel and unique, through which new identities and unconventional ways of being, which are unconventional, emerge. He suggests it thus:

> ... the importance of hybridity is not to be able to trace two original moments from which the third emerges, rather hybridity to me is the 'third space' which enables other positions to emerge. This third space displaces the histories that constitute it, and sets up new structures of authority, new political initiatives, which are inadequately understood through received wisdom (Bhabha, 1990:2011).

Hall (1990: 235), in describing hybridity through a diasporic lens, echoes Bhabha's (1990) notion of newness and difference in suggesting the following:

> the diaspora experience .... is defined, not by essence or purity, but by the recognition of a necessary heterogeneity and diversity; by a conception of 'identity' which lives with and through, not despite, difference; by *hybridity.* (author's own emphasis).

This 'necessary heterogeneity' speaks to an instrumentality that arises through hybridity. Frello (2011) for instance, suggests that hybridity is less about the 'happy mixing of cultures', but indeed, underscores purposive behaviour. For her, hybridisation is about 'positioning', which is incorporated by Hall (in Hall and Sakai, 1998) in the notion of the 'double exile'. Here, the focus is ultimately on the relationship between the 'centre' and the 'margin', between the 'modern' and the 'traditional' or indeed, between the 'west' and the 'other' (taken, here, to represent the African). Through integrating cultures, hybridisation allows for the penetration of the centre, while still remaining on the periphery, thus allowing for effective acceptance in and navigation of the two spaces.

Alternatively called the ‘marginal man’, ‘multicultural man’ or even a ‘third culture kid’, (Greenholtz and Kim, 2009), the notion of the ‘cultural’ hybird has several connotations attached to it. Historically conceived of as someone without any real identity, the hybrid is seen as having to navigate an ambiguous existence (Greenholtz and Kim, 2009). Here, cultural marginalisation finds its roots in cultural ‘alienation’ as individuals uncomfortably adopt and navigate multiple value sets, having to decode different meanings, whilst having to simultaneously conform to a dominant culture. Despite hybrids being able to function under the dominant culture, they are nonetheless ‘othered, given rise to pejorative terms such as ‘half caste’, ‘mongrel’, ‘hotnot’ and the like (Stross, 1999).

As a counter to this, however, Hoogvelt (1997:158) proposes that hybridity, through its ‘in-betweeness’, offers an advantage. Her premise is simply that the hybrid is

> ... celebrated and privileged as kind of superior intelligence owing to the advantage of in-betweenness, the straddling of two cultures and the consequent ability to negotiate the difference.

Hybridity is useful when understanding it as a mechanism for those on the margin to access the ‘centre’ (taken to mean the prevailing and dominant subjugating authority, whether this be the ‘west’ or the ‘majority’) (Frello, 2011; Hall, 1998). Therefore, one might suggest that hybridity can be equated with ‘acceptance’, with hybrids allowed access, and indeed having a critical insider’s perspective of the ‘centre’ without ever being entirely part of it. This is most akin to Bennet’s (1993) notion of ‘constructed’ marginality. Here, hybrids actively engage in a process of constructing a cultural identity which is the sum of several cultural parts. They, in so doing, evolve a personal value system based on the ‘multiplicity of perspectives’ (Greenholtz and Kim, 2009: 393).

2.2.4.3 Hybridity and youth

For the purposes of this research, the notion of hybridity tends to greater resonance than biculturalism to the extent that while the mixing of cultures is central, it is the nature of this 'mixing' which is critical. In other words, this research does not consider the combination of differing ethnic cultures. Rather, it is more concerned with how the mixing of western and indigenous values influences an entrepreneurial identity accordingly, and moreover, how mixing potentially occurs to attain entrepreneurial legitimacy.

For youths, hybrid identity is salient (see Kahn and Kellner, 2006; Rudwick, 2008). Conventional, stereotypical depictions and constructions of youths as being problematic, deviant, and politically charged do not necessarily hold. Youths are more appropriately represented in a process of 'becoming' as they shape their identities (Christianson et al. 2006). This suggests, in a progressive manner, that youth are not necessarily trapped between two cultures. Rather they now become agents for cultural change and the emergence of new identities (Back, 2002). What is, thus, pertinent to this study is how black youth entrepreneurs in South Africa negotiate a present and a future based on the confluence of multiple cultural influences. Here, the consideration is how they navigate both indigenous and western values through a process of 'becoming'.

For youth, 'hybridity' plays out through the notion of 'Global Youth Culture' (Kahn and Kellner, 2006). Here, youth, through the influence of conventionally 'western' global electronic media (such as television, films, and the internet), forge new complex, hybrid identities and cultures. Arguably, in 'non-western' cultures, this results in the

mixing of ‘traditional’ cultures with ‘western’ elements to form hybrids. The roots of ‘Global Youth Culture’ lie in the Frankfurt School’s notion of ‘culture industry’. Here, predominantly western cultures of mass production and consumption are central to global capitalism and, indeed, are perpetuated and legitimated through the media. Youths are seen to be enlisted into the global capitalist agenda through their identification with and valorisation of western culture (Kahn and Kellner, 2006). This notion of ‘culture industry’ is furthered by Stuart Hall and the Birmingham School (Seidman, 2004). Hall (1980) suggests that the influence of the media is a threefold process. In the first instance it is important to understand the media through the different meanings intend by media producers. Here, media goes beyond communicating beliefs and values to conveying ‘ways of defining, classifying and judging individuals and groups’ (Seidman, 2004: 137). This is done through what Hall (1980) terms ‘cultural codes’ or dichotomies such as ‘normal/abnormal’ and ‘moral/decadent’ that tend to structure meanings communicated by the media.

Secondly, the media classifies individuals and groups according to their race, gender, nationality and culture, and then relates these to the different dichotomies (Hall, 1980). For instance, Western/African dichotomies are often seen to overlap with binaries such as ‘rich/poor’, ‘resourced/under-resourced’, ‘formal/informal’, and ‘first/third world’. This gives rise to other binaries such as ‘privileged/underprivileged’ and, by implication ‘superior/inferior’. Thus, the media goes beyond simply influencing different perspectives and behaviour to actually legitimating different and thus, largely unequal social orders through establishing acceptable moral societal boundaries and thus determining that which is good, normal at the like (Seidman, 2004).

Thirdly, consumers of media are equally important to the extent that they are not necessarily passive actors at the whim of the media, but indeed at times are seen to resist the media, choosing to interpret conveyed meanings differently (Seidman, 2004). Thus, global youth culture might be shaped through both media domination as well as resistance to media.

While global youth cultures might be criticised as being 'imperialist' and indeed, 'neo-colonialist', they can be alternatively viewed. This may spark the creation of diverse, heterogeneous cultures, and more complex identities by giving agentive qualities to youth (Kahn and Kellner, 2006). This, in a sense, gives rise to an understanding of Mannheim's (1952) notion of 'fresh contact' through which youth thus engage actively in bringing about change in existing cultures. Nonetheless, it is still difficult to ignore the dissonance and ambiguity that is created through this process.

Rudwick (2008) speaks of this through her research on the Zulu custom of *Hlonipha* (which is the cultural and linguistic system of respect) and how this 'rubs' against a tendency to adopt a more western way of life amongst more upwardly mobile black youth in South Africa. A pejorative term of 'coconut' is applied to such individuals, precisely because of their desire to identify will all that is western on the one hand while still being pulled to embrace a more traditional value set on the other, thus giving rise to a hybrid culture (Rudwick, 2008).

For (black) African youth, hybridity is alternatively commonly expressed through their bodies in the form of Y-culture (cf Nuttall, 2003). Y-culture (or the Y-generation) consists of contemporary (black) youth who are attempting to create new identities distinct from historical identities of the politically charged 'generation X' (Nuttall,

2004), yet simultaneously turning to the past for meaning (Bogatsu, 2002). The Y-culture is further hybridised through its infusion of common and elite cultures (Bogatsu, 2002; Nuttall, 2003, 2004). It allows for an invasion of 'elite' atypically European culture by common perspectives and attitudes (Bogatsu, 2002: 4). For instance highbrowed cultures of poetry are now imbued with the language of the township, and this is loosely seen as a hybridisation of the 'township and city' (with the city taken to signify a previous zone of exclusion) (Nuttall, 2004). As such, the Y-culture becomes a site for the mixing of the new and the traditional. Yet, it is not defined as a 'subcultural critique of the 'official culture' (Nuttall, 2004: 432), and might rather be seen as a manifestation of a third culture.

Y-culture finds expression in two particular ways in South Africa. The first is through Kwaito music, which is generally known as an expression of identity amongst black youth in post-apartheid South Africa. Considered the 'South African Hip Hop, it is intentionally positioned as a-political and 'after the struggle' and is most commonly associated through vernacular and fashion norms as a culture that is complicit with consumerism (Steingo, 2005). For black youth, therefore, Kwaito represents a desire to distance themselves from an oppressive past. This said, as Steingo (2005: 343) rightly points out, '...by rejecting politics, Kwaito becomes political.' This is perhaps represented through an 'anti-political' sentiment amongst the youth which in turn might be seen as a politic of aspiration, concommittant with global consumptive youth cultures, in which the body becomes a site of commodification (Nuttall, 2003). Kwaito thus affords youth a way of expressing the potential of escaping poverty and becoming wealthy, the irony of adopting gold as symbol of aspiration, given the resource's history of oppression, notwithstanding (Steingo, 2005).

Similarly, ‘Loxion Kulcha’ (LK), a clothing brand started in 1998 by Wandile Nzimande and Sechaba Mogale, reflects an attempt to straddle the past and present, with youth infusing historical idioms and discourses with new meanings (Bogatsu, 2002). LK in and of its own is an expression of this ‘playfulness’, with Loxion being a derivation of the pejorative term ‘location’ and Kulcha representing the hip-hop inflected spelling of culture (Bogatsu, 2002).

In reflecting on Y-culture and its various manifestations, it is thus possible to discern a definite hybridised black youth culture in South Africa. This culture, which at once is concerned with newness and new identities, whilst at the same time embodying a sense of history and the past, is additionally ‘... a socio-economic hybrid culture that appeals to black youth across the boards of class, education and of course musical preference and taste’ (Bogatsu, 2002: 3-4). Given its proven existence, it becomes possible to reflect on the interplay between hybrid culture and entrepreneurial values, and indeed, therefore, the role of hybridism in entrepreneurship.

2.2.5 Hybridity and entrepreneurship: envisaging values as a form of entrepreneurial capital

Whilst values, as suggested earlier, are an important part of entrepreneurial behaviour, little has been written on hybridism (or biculturalism) and entrepreneurship. It is not uncommon to find essentialist studies which consider entrepreneurship from a western or eastern perspective. However, when considering entrepreneurship from an emerging market (and particularly African) perspective, the ‘dominant’ western lens is adopted to rarefy archetypal forms of entrepreneurial behaviour. Little has been said of so-called indigenous

entrepreneurial values, particular in an African context. Certainly, however, there exists an inevitable tension between conventional western values and indigenous values (De Bruin and Matiara, 2003; Schaper, 1999). This plays out, for instance, in a communalistic indigenous orientation versus an individualistic western orientation and their various manifestations. In order, however, for so called indigenous entrepreneurs to operate according to the scripts of a dominant global culture of entrepreneurship, a hybridised approach, in which indigenous entrepreneurs straddle both value sets, is required. This implies a certain instrumentality – that is, a certain need to survive and operate in two different spaces.

How may hybrid values operate as a potential 'resource' from an entrepreneurial perspective? In order to understand this, Bourdieu's (1986) notion of capitals is particularly useful. Bourdieu (1986: 4) conceived of capital in three forms:

> *economic capital* which is immediately and directly convertible into money and may be institutionalised in the form property rights; as *cultural capital* which is convertible under certain conditions, into economic capital, and may be institutionalized in the form educational qualifications; and as *social capital*, made up of social obligations ('connections') which is convertible, in certain conditions, into economic capital, and may be convertible, in certain conditions, into economic capital and may be institutionalised in the form of a title of nobility.

A fourth capital, namely, symbolic capital, which finds resonance in this thesis to the extent that it, in part, concerns itself with status aspiration, was conceived of by Bourdieu. This essentially goes to an individual's perceived reputation and status, and, indeed, extends itself across all other forms of capital to the extent that an accumulation of capital is perceived to be valuable by others (Bourdieu, 1998; Fuller and Tian, 2006). Thurlow and Jaworski (2006: 102), importantly, link the twin

notions of elitism and an elite subjectivity to symbolic capital and symbolic differentiation. Individuals tend to aspire to exclusivity and superiority over the 'masses' through, inter alia, knowledge, insight and access to resources. This, therefore, underscores the 'signalling' potential of symbolic capital such that individuals engaging in conspicuous consumption indicate their relative 'quality' and wealth to society at large[10] (Bird and Smith, 2005; Bourdieu, 1984).

In reflecting on the notion of capitals, three insights are worth considering. The first is that capitals can be accumulated, such that individuals might build stocks of capital over time. Once accumulated, however, capitals can either reproduce themselves or indeed decline (Fuller and Tian, 2006). The second is that capitals, and usually more intangible forms such as symbolic and cultural capital, can be converted into more fungible forms such as economic capital (Bourdieu, 1986). The third insight is simply that the relative social position (and hence success) of an individual can be determined by the overall quantity or volume of capital, the composition or quality of the capital and indeed, how variations in both quantity or quality determines the relative trajectory of individuals in attaining a particular social standing (Wacquant, 2006).

From an entrepreneurial perspective, Resource Based Theory (RBT) provides useful insights into the relative significance of capitals as resources. Here, drawing on the strategic underpinnings of RBT, entrepreneurial success is predicated on several factors. These include the heterogeneity of resources adopted by an entrepreneur,

[10] This finds resonance with Veblen's theory of the leisure class such that individuals who engage in conspicuous consumption might demonstrate that they do not need to earn a living so to speak, and in so doing, indicate potential desirability through competitive advantage over others (Bird and Smith, 2005).

the preservation of heterogeneity, the idiosyncratic nature of such resources, as well as the causal ambiguity (that is the barriers to imitation) associated with the resources (Alvarez and Busenitz, 2001). Entrepreneurial success is thus predicated on an individual's ability to amass the right type of resource in the right quantity.

In drawing on RBT, Firkin (2003: 57-66) extends Bourdieu's (1986) conceptualisation of capitals. Firkin conceives of entrepreneurial capitals as a composite of economic, human, social, physical and cultural capitals, which are used to generate resources for material advantage. Human capital, which Firkin (2003) takes to be Bourdieu's 'institutionalised' form of cultural capital, includes Becker's (1993) key underpinnings of the construct, namely, formal education, prior work experience as well as job-specific knowledge and skills. Social capital is equally conventionally conceived of in terms of networks forged by entrepreneurs, and how these are leveraged to ensure entrepreneurial success. Physical capital, as a subset of Bourdieu's economic capital, is added by Firkin (2003), and encompasses the various forms of tangible assets required by a business to grow and expand.

From an entrepreneurial perspective, financial, social and human capitals have arguably received the most attention (see for instance, Fatoki, 2011). Human capital involves essentially 'investments in in (1) schooling and higher education, (2) post-school training and learning, (3) preschool learning activities, (4) migration, (5) health, (6) information, and (7) investment in children (population) …' (Schultz, 1972: 4-5). The acquisition of human capital might result in 'future earnings or future satisfactions or both of them…' and '… is an integral part of man' (Schultz, 1972: 4-5). Brüderl, Preisendörfer, Rolf (1992) suggest that the relevance of entrepreneurial human capital is such that greater levels of human capital might contribute to higher

levels of performance. Moreover, from a resource perspective, Ganotakis (2010) emphasises the value of human capital using RBT.

In the informal economy, it is generally believed that that through more training and education, entrepreneurs will be able to create more productive enterprises, better working conditions and the creation of more economically rewarding work (Liimatainen, 2002). This is because the human capital of individuals in this space is largely considered to be underdeveloped. Smallbone and Welter's (2001) assert that many entrepreneurs in emerging economies have the right skills and knowledge to pursue opportunities, yet they are deemed to be necessity entrepreneurs notwithstanding.

Social capital is seen to provide a definitive advantage to entrepreneurs. A number of definitions of social capital have been posited and some of the more useful are provided here (Adler and Kwon, 2002). Burt (1992: 9) sees social capital as 'friends, colleagues and more general contacts through whom you receive opportunities to use your financial and human capital'. Portes (1998: 6) defines social capital as representing 'the ability of actors to secure benefits by virtue of membership in social networks or other social structures'. Putnam (1995: 67) considers social capital to be 'features of social organisation such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit'.

For the entrepreneur, social capital is most often operationalised through the network (Urban, 2011b). Here, homogeneity in networks results in strong(er) ties, which are arguably more dependable and provide readily accessible resources (Davidsson and Honig, 2003), while weaker ties might result in greater diversity in the network

(Granovetter, 1973). However, weaker ties are seen to provide greater access to information (Venter et al., 2008). Granovetter (1973) emphasises the importance of maintaining weak ties, not least because over reliance on strong ties can 'become a basis for the pursuit of narrow sectarian interests' (Woolcock and Narayan, 2000: 7). In the informal economy, entrepreneurs might use social capital to mitigate risks and overcome challenges associated with poverty and creating sustainable livelihoods, as well as to achieve political status (with a concomitant and implicit element of aspiration) (Brown and Lyon, 2010; Lyons and Snoxell, 2005).

Financial capital, however, represents a significant form of capital given that most other forms are reducible to this form (Bourdieu, 1986). The importance of financial capital, in the form of debt and equity, to entrepreneurial success, is well established (see Fatoki and Odeyemi, 2010; Fatoki, 2011; Van Praag, 2003). Despite this, South African entrepreneurs (particularly those in the informal economy) often tend to be excluded from the formal banking sector because of the risk they pose, a demonstrated need for more structured finance notwithstanding (Fatoki and Van Aardt Smit, 2010; Schoombee, 2000; Schraader, Whittaker and Mckay, 2010). Informal entrepreneurs might often then turn to either more expensive or informal ways to finance their businesses, such as micro-finance, informal money lenders, as well as rotational lending schemes (see Nissanke, 2001; Siyongwana, 2004). These, in turn, might contribute to higher failure rates accordingly, because of higher interest rates.

The final form of capital contemplated by Firkin (2003), in relationship to Bourdieu's (1986) capitals, which has most relevance to this research, is that of cultural capital. Bourdieu (1986) conceived of three forms of cultural capital, namely, 'embodied,

institutionalised and objectified' cultural capital. While objectified cultural capital refers to cultural artifacts such as works of art, and institutionalised cultural capital is akin to human capital, it is the notion of embodied cultural capital which is of greatest relevance to this study. Here, 'embodied' cultural capital is taken to represent 'long lasting dispositions of the mind and body' (Bourdieu, 1986: 47).

The notion of capitals, particularly in the form of human, social and financial capital, and their contribution to entrepreneurial success is not new. Yet, limited attention is paid to more intangible forms of capital (i.e. cultural and symbolic capital) (Firkin, 2003). Here, particularly, in reflecting on Bourdieu's (1986) forms of capital from an entrepreneurial perspective, little has been made of embodied cultural capital. To this end, and for the purposes of this research, Dalziel, Saunders, Fyfe and Newton's (2009: 2) conceptualisation of embodied cultural capital is most relevant. In seeking to distinguish cultural capital from social capital, they define it as a:

> community's embodied cultural skills and values, in all their community-defined forms, inherited from the community's previous generation, undergoing adaptation and extension by current members of the community, and desired by the community to be passed on to its next generation
>
> (Dalziel et al., 2009: 2)

How then might values constitute a form of capital? In order to better understand this, it is necessary to return to the earlier discussion of Bourdieu's field as a site of contestation. Here, it was suggested that social power influenced how importance and relevance was attributed to values. Without this, according to Bourdieu, '…cultural goods, preferences and values have no intrinsic value; there is no rational hierarchy of cultural tastes and values' (Seidman, 2004:152). Therefore, in order to

attain legitimacy black South African youth refine and hybridise an indigenous value set which is passed down generationally through a Mannheimian (1952) notion of 'fresh contact' by interspersing afro-centric values with a hegemonic western value set. Oyserman, Sakamoto and Lauffer (1998) reflect on the potential for this through the notion of social obligation, such that through the melding of individualistic and communalistic values sets, youth entrepreneurs might therefore enjoy personal success within their businesses but conform to social obligations through a more collectivist (indigenous) orientation when necessary. Thus, through hybridity, and the subsequent potential to switch, they have internalised cultural capital which they are able convert into other forms of capital accordingly.

Convertibility is of particular significance to entrepreneurs in generating and amassing entrepreneurial capital. Here, entrepreneurs will leverage and convert their various capitals to derive an optimal mix, and, hence, to derive entrepreneurial value (that is, a sense of entrepreneurial worth and success) (Firkin, 2003). The broad notions of 'acceptance' and 'aspiration' might be attributed to 'convertibility' in reference to cultural and symbolic capitals, particularly. In other words, young black entrepreneurs might convert their values into other resources, assuming that these are rarefied (as a heterogeneous resource) and indeed, where perceptions of cultural attainment and status are strongly associated with particular cultural signifiers in a society (Lamont and Lareau, 1988).

From an entrepreneurial perspective, Alvarez and Busenitz (2001: 756) allude to the potential of values as a particular resource when they suggest that 'beliefs about the value of resources are themselves resources', thus underscoring the potential for intangible assets. This is further reflected through their focus on entrepreneurial

cognitions as a heterogeneous resource. At the same time, Zahra, Hayton and Salvato (2004: 364) point towards culture, more directly, as a form of resource used by entrepreneurs to gain competitive advantage, albeit through their study of family business cultures (which are in essence a 'dynamic interplay between owners values, organisational history and accomplishments, the competitive conditions of the firm's major industry and national cultures').

Perhaps, however, De Clercq and Voronov (2009b) provide the first most direct application of cultural capital (albeit from a 'Northern' perspective), and the potential of values as a resource to entrepreneurship. For them, 'cultural capital derives its value from entrepreneurs' ability to access and mobilise institutions and cultural products of society' (De Clercq and Voronov, 2009b:404-405). Particularly, they provide support for values as resource by suggesting that entrepreneurs need to 'know' how to act in accordance with and relate to expectations (such as investors') of a particular field. (De Clercq and Voronov, 2009b; Lounsbury and Glynn, 2001; Lyon 2004),

What then of symbolic capital? Again, limited attention has been paid to this form of capital from an entrepreneurial perspective. Indeed, Firkin (2003) surprisingly does not include it in his conceptualisation of entrepreneurial capitals. Despite this, De Clercq and Voronov (2009a; 2009b), in a similar vein to their extension of cultural capital to the 'Northern' entrepreneurial space, explore how symbolic capital resonates with an entrepreneur's desire to stand-out. Here, particularly, they relate symbolic capital to prestige and reputation as well as elitism, such that new-comers (nascent entrepreneurs) are able rapidly establish themselves in a particular field through perceptions of their relative prowess attributable to, for instance, the use of

language and discourse around definitions of themselves (see, for instance, Greenwood and Suddaby, 2006; Thurlow and Jaworski, 2006). Here, for instance, youth entrepreneurs, in aspiring to legitimacy (through for instance, greater entrepreneurial performance, the process of 'becoming' through the attainment of adult status, or indeed, through formalising their business) might thus seek to amass symbolic capital to gain a higher status.

2.3 Evolving a framework: youth, hybridism and entrepreneurial capital in the informal economy

Thus far, this chapter has examined issues pertaining to entrepreneurial values, hybridism, youth culture as well as the accumulation of entrepreneurial capital. Specifically, hybridism has been used to examine how values in particular might be used as an entrepreneurial resource to navigate and achieve legitimacy in different spaces (Frello, 2011), and thus, to secure entrepreneurial advantage through the attainment of resources. As black youth aspire to achieve wealth and status, so they identify with 'western', archetypal values of individualised attainment and consumption, whilst simultaneously embodying traditional, indigenous African values.

A hybridised set of values might be construed to provide advantage in the accumulation of capitals within a contested space, thus resulting in entrepreneurial success. In so doing, youth attain legitimisation whilst at the same time satisfying a culture of aspiration. To this end, the following conceptual framework[11] is proposed.

[11]The dotted lines connecting entrepreneurial self-efficacy and entrepreneurial motives to aspirations and legitimacy represent moderating relationships. The dotted lines linking values to aspirations as well as legitimacy represent a mediating relationship.

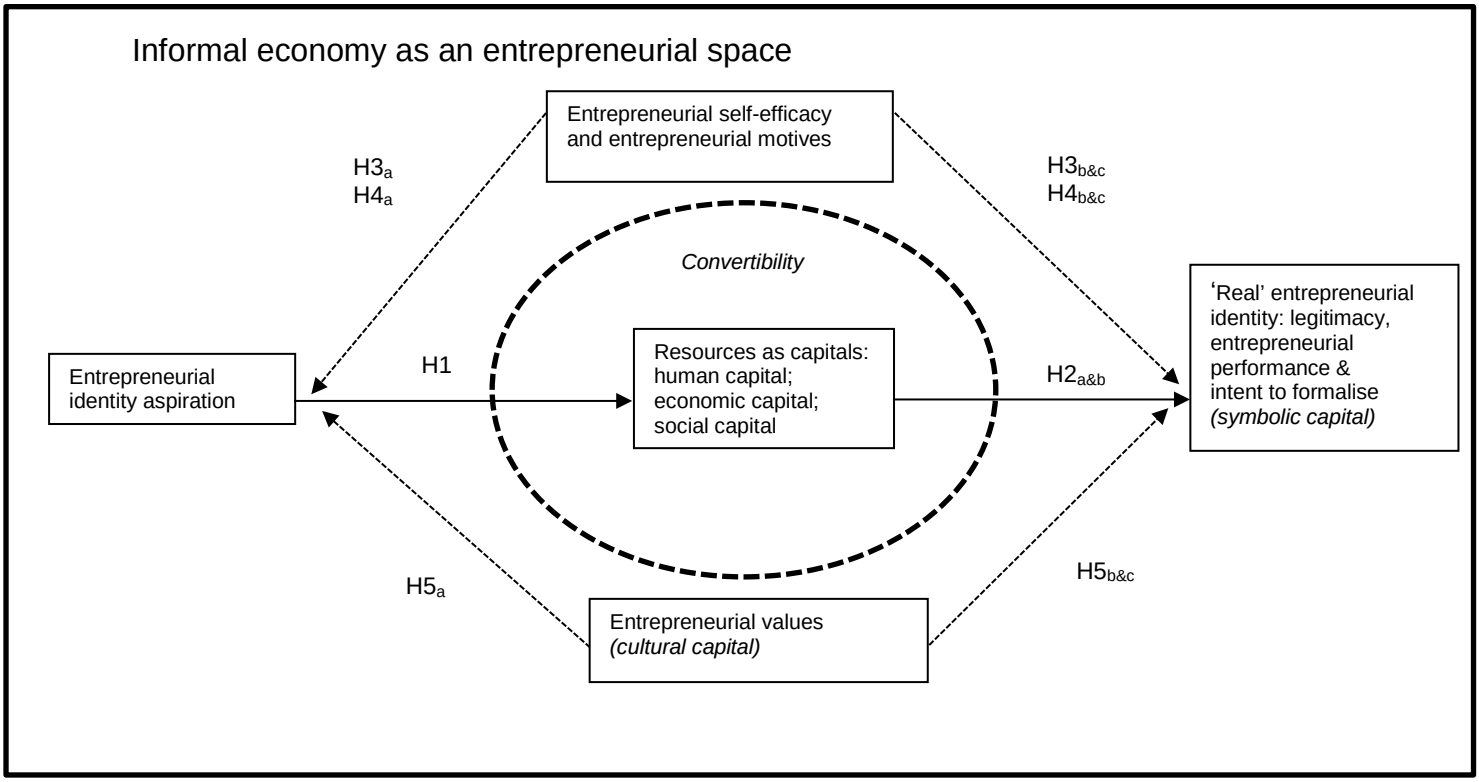


Figure 2.2 – A conceptual framework of youth entrepreneurial behaviour

The conceptual framework essentially wishes to demonstrate the relationship between youth entrepreneurial identity aspirations and the attainment of legitimacy through the accumulation of entrepreneurial capitals, through the influence of entrepreneurial values, as moderated by self-efficacy and motivation.

This conceptual framework also finds resonance with the frameworks of De Clercq and Voronov (2009a; 2009b) as they seek to demonstrate the relationship between cultural and symbolic capital, legitimacy and resource acquisition as well as potential outcomes of the attainment of legitimacy. Salient differences however exist between the conceptual framework in this study and their frameworks. The first and most significant is that their frameworks are purportedly extensions of Bourdieu's (1984) *Theory of Practice*, whereas it is not the purpose of this research to centralise

Bourdieu's scholarship to this degree. This is primarily because the conceptual framework used in this research does not extend itself to theoretical synthesis, such that it is not concerned with bridging structure and agency. The second reason is that this conceptual framework concerns itself with the informal economy as an entrepreneurial space, and thus extends extant considerations of opportunity-driven behaviour within the informal economy accordingly (Williams, 2008a,b).

The third reason is that this conceptual framework differs in its consideration of what is considered legitimate, and the various outcomes associated with this accordingly. In other words, legitimacy is associated in this instance, in keeping with Suchman's (1995: 274) definition of legitimacy such that it is seen to encompass actions which seen to be 'desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions'. Here, therefore, certain actions of informal actors might be seen to be legitimate so long as they normatively conform. From an entrepreneurial perspective, these might include conformity with archetypical, idealised considerations of the entrepreneur as 'opportunity driven'. Thus, this conceptual framework considers legitimate entrepreneurial identity to be associated with both entrepreneurial performance as well as a desire to be more 'formal'. As such, informal actors perceive themselves to move beyond prescribed 'necessity-based' identities. In both instances, such conceptualisations of legitimacy and identity might be seen to loosely conform with the notion of 'symbolic capital'. In this way, this research differs from De Clerq and Voronov's frameworks (2009a; 2009b) to the extent that they do not relate legitimacy to entrepreneurial youth identity.

Fourthly, this conceptual framework then also differs to the extent that it incorporates entrepreneurial aspiration, such that youth entrepreneurs aspire to an

entrepreneurial identity, and in keeping with the aforementioned consideration of legitimacy. Fifthly, this framework includes both motives and self-efficacy as moderators of entrepreneurial behaviour such that both actions will be seen to influence how young entrepreneurs different behaviours.

Finally, of greatest significance, this conceptual framework relates hybridity as a mediating variable. This is in keeping with Urban's (2007) postulation that values serve as catalysts for particular behaviours rather than as causal agents. Thus, for instance, hybridity influences, once again, different entrepreneurial behaviours, such as the acquisition of different resources. Through a mediating role, the potential for convertability is represented in the acquisition of different resources, or indeed, in the attainment of a legitimate identity. The different relationships in the conceptual framework and associated hypotheses will be discussed below.

2.3.1 Aspirations, resources and legitimacy: a youth entrepreneurial identity in the making

Aspirations are seen to refer to '…something desired that is not currently possessed' and hence include notions of 'longings, aims or ambitions' (Farmer, Yao, and Kung-Mcintyre, 2011: 1). Here, the notion of 'identity' aspiration associated with self-image and 'becoming' comes to the fore. Markus and Nurius's (1986) consideration of the notion of 'possible selves', that is, the 'ideal self' and what an individual would thus like to become, has particular bearing. As Markus and Nurius (1986: 954) suggest:

> (a)n individual is free to create any variety of possible selves, yet the pool of possible selves derives from the categories made salient by the individual's particular sociocultural and historical context, and from the models, images and symbols provided by the media and the by the individual's immediate social experience.

The future, possible-self has bearing on motivation and behaviour to the extent that the possible-self might be self-regulatory in nature such that they involve self-defining goals and incorporate strategies to attain them (Hoyle and Sherrill, 2006; vanDellen and Hoyle, 2008).

From an entrepreneurial perspective, self-identity as the basis for understanding aspiration has received limited attention. Here, Verheul, Uhlaner and Thurik (2005), for instance, investigated how gender and business accomplishments might impact entrepreneurial self-image. In particular, the different roles associated with the finding, owning and running of a small business were found to predict most of the variance in entrepreneurial self-image. Gender had a direct and indirect influence too. At the same time, Krueger (2007) examined the relationship between 'deep beliefs' (or deep knowledge structures) and entrepreneurial identity. Specifically, he suggested that role identity, which is inherently socialised and based on archetypal (idealised) underpinnings of the entrepreneur, potentially change based on the acquisition of knowledge and training. Hoang and Gimeno (2010), moreover, argue that founder role identity should be ideally be incorporated into the concept of 'self', in proposing how individuals transition from existing work arrangements into the role of founder and, hence, entrepreneur.

Limited empirical testing of entrepreneurial self-identity has been done, however. Farmer et al.'s (2011) study which tested both antecedents (entrepreneurial role and self-perceptions) and outcomes (nascent entrepreneurial behaviour) of entrepreneurial self-identity (as moderated by prior start up experience) proves useful in this regard. Importantly, they found that identity aspiration strongly influenced nascent entrepreneurial behaviours, and that an entrepreneurial self-

identity impacted goal-striving behaviour as a motivational mechanism. Simultaneously, their contribution of scale items to measure entrepreneurial self-identity is of particular value to this study.

Further to the limited nature of studies on entrepreneurial self-identity, at the time of writing this thesis nothing could be found on the relationship between entrepreneurial self-identity and youth entrepreneurship. This is not to say, however, that the notion of aspiration is not a part of youth studies in general. For instance, as alluded to above, the very notion of 'becoming', and thus attaining an adult status, has definite aspirational underpinnings. By extension, therefore, youth in the informal economy might aspire to the identity of entrepreneur, such that this is associated with greater success in a formal space. Moreover, through seeking out this particular identity, they might additionally aspire to an adult status afforded by entrepreneurial success. Thus, Christiansen et al.'s (2006) notion of 'becoming' assumes an additional significance. This is not dissimilar to Fuh's (2012) aspirational notion of 'bigmanity' such that youth aspire to the status of adulthood through the establishment of veteran's clubs in Cameroon in order to attain status and prominence.

How is this adult identity, however, attained? Hoyle and Sherrill's (2006) consideration of the future self, and in particular how individuals might enact specific goals and strategies to achieve a specific self/identity is useful here. By implication, youth aspiring to an idealised entrepreneurial 'self' might potentialy harness different capitals in a bid to secure the requisite legitimacy.

This then introduces the first potential relationship in the conceptual framework, which is between entrepreneurial self-identity aspiration and the attainment of

different entrepreneurial capitals or resources. Most commonly, these capitals include human, social and financial capital (Fatoki, 2011). A consideration of these capitals or resources was previously provided. What is important to reiterate, however, is the relative strategic value of resources such that entrepreneurs accumulate the right type of resources, whether heterogenous and/or idosynchractic in nature, and in the right quantity (Alavarez and Busenitz, 2001).

Little empirical research exists to directly support the relationship between aspiration and capitals. However, what is clear is that 'entrepreneurial success' is predicated on the ability to harness the right type of resources in exploiting opportunities (Shane and Venkataraman, 2000). Entrepreneurs therefore shift resources from areas of low yield to areas of higher yield in order to add greater value overall, and thus attain competitive advantage. This resonates with Bourdieu's (1984) *Theory of Practice* to the extent that capitals are used to attain competitive advantage in a particular field. The notion of the resource thus retains prominence in entrepreneurial discourse. It is thus not inconceivable that aspirations attached to entrepreneurial identity would be predicated on the ability to attain the right kind of resource. Therefore, the first hypothesis is thus stated:

H1 – Entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy is positively related to their attainment of entrepreneurial capitals

The second hypothesised relationship is between entrepreneurial capitals and entrepreneurial legitimacy. Here, legitimacy is taken to encompass both entrepreneurial performance as well as perceptions of formality. Both of these constructs resonate with the idealised 'opportunity' entrepreneur. Moreover,

success, as suggested above in the discussion on RBT, is predicated on entrepreneurs attracting and retaining the right type of resource. The link between resources and performance, specifically, is considered by Fatoki (2011) who particularly, found that human, social and financial capital had a significant impact on the performance of SME's in South Africa. Brush and Chaganti (1999), moreover, suggest that certain resource combinations might be more important to business performance, than strategy.

Due to the association between the idealised 'opportunity entrepreneur', and legitimacy, the notion of legitimacy is further equated to 'symbolic capital'. There is an elitism attached to 'legitimate' entrepreneurship to the extent that youth entrepreneurs may demonstrate superiority through the amassing of resources (Thurlow and Jaworski, 2006). Moreover, Bird and Smith's (2005) notion of signalling is important here, to the extent that youth entrepreneurs in attaining relative entrepreneurial success are able to demonstrate their social attractiveness through the acquisition of resources. To some extent, De Clercq and Voronov (2009b) also support the relationship between legitimacy and resource acquisition. Their consideration of legitimacy, which incorporates notions of 'fitting in' and 'standing out', is not dissimilar to that used in this research. Formalisation, which suggests conformity, is similarly attributable to 'fitting in' (or playing according to the rules). Entrepreneurial performance, which goes to building a reputation through opportunity identification and innovation, similarly involves 'standing out'.

For De Clercq and Voronov (2009b), legitimacy, however leads to the acquisition of resources. Conversely, it is posited in the proposed conceptual framework (see Figure 2.2) that acquiring resources leads to a greater ability to both 'fit in' (since

possessing different capitals leads to a higher level of acceptance) as well as 'stand out' due to the ability to better leverage resources to achieve greater results. Moreover, the relationship between the attainment of resources and legitimacy is considered by Zimmerman and Zeitz (2002) in their legitimacy process model. For them, legitimacy (in the guise of appropriateness, acceptance and desirability) is a stand-alone resource which begets other resources. At the same time, more resources might lead to greater legitimacy through a growth propensity.

Therefore, the following hypotheses are stated as follows:

$H2_a$ –The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to the desirability of formalisation

$H2_b$ – The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to entrepreneurial performance

2.3.2 The moderating effects of self-efficacy and motivation

The conceptual framework proposed in this thesis introduces two moderating variables, namely self-efficacy and motivation. The rationale for their inclusion will be discussed below.

Self-efficacy refers to an individual's belief in his/her ability to '…perform a specific action required to attain a desired outcome' (Luszczynska, Scholz and Schwarzer, 2005: 439). Derived from Social Cognitive theory, self-efficacy is seen to impact not only human behaviour, directly, but also other determinants of human behaviour such as goals, aspirations, and perceptions of opportunities in a particular environment (Bandura, 2000: 75).

Self-efficacy finds application in entrepreneurial research through the notion of Entrepreneurial Self-Efficacy (ESE). This is seen as '... the strength of an individual's belief that he or she is capable of successfully performing the roles and tasks of an entrepreneur' (Chen, Greene and Crick, 1998: 301). Individuals with high ESE are more likely to perceive an environment to be opportunity rich, better able to deal with the realities of hostile environments, believe in their ability to influence the outcomes of business goals, and perceive a low probability of failure (Chen et al., 1998). This is a particularly vital characteristic for black youth who remain arguably the most marginalised of all social groupings in South Africa.

Despite Bandura's (2000) observation that self-efficacy might influence aspirations, little has been done to directly establish this relationship in the entrepreneurial literature. At the same time, nothing existed at the time of writing this to consider the moderating effect of ESE on the relationship between identity aspiration and resource attainment, as well as resource attainment and legitimacy. This said, the impact of ESE on entrepreneurial self-efficacy is obliquely considered in two ways. In the first instance, self-efficacy features prominently in research on entrepreneurial intent, as well as in intention-based models, such as Ajzen's (1991) theory of planned behaviour, Shapero's (1982) model of the entrepreneurial event. In both instances, perceived self-efficacy pre-empts perceived feasibility of a particular course of action or intent. Moreover, Boyd and Vozikis (1994) adapted Bird's (1988) *Contexts of Entrepreneurial Intentionality* through an integration of self-efficacy such that ESE is seen to influence entrepreneurial intentions. Increasing levels of self-efficacy is thus key to the entrepreneurial event, so much so, that in fact self-efficacy explains most of the variance in entrepreneurial intent (Krueger, Reilly, and Carsrud,

2000; Venter et al., 2008). As such, it is an important element of when studying entrepreneurial behaviour and persistence (Venter et al., 2008).

Boyd and Vozikis (1994) provide a second indirect consideration of how aspirations might be influenced by ESE. They propose that a higher degree of goal-setting and goal commitment is commensurate to a higher degree of entrepreneurial self-efficacy. They do not test this particular relationship, and indeed, no direct reference to aspiration is made. Yet, it is possible to argue that self-efficacy thus has potential to influence the identity aspiration of young entrepreneurs (given its overlap between the constructs of intent and goal theory), on the basis of their findings.

At the same time, and importantly, ESE might be understood to act in a moderating and mediating role. For instance, Boyd and Vozikis (1994) suggest that it moderates the relationship between intent and action, in addition to directly impacting intent. Moreover, Zhao, Seibert and Hills (2005) found, in a study of MBA students, that the effects of risk propensity, entrepreneurial learning and entrepreneurial experience on entrepreneurial intent were all mediated by entrepreneurial self-efficacy.

By contrast, however, the impact, and moderating influence of self-efficacy on resource attainment and entrepreneurial legitimacy has little significant presence in the literature. From a resource perspective, Kickul and D'Intino (2005) related different phases of the start-up process to measures of self-efficacy. For example, they considered the marshalling stage which incorporates issues of both financial and human capital. In terms of entrepreneurial performance, beyond Boyd and Vozikis's (1994) aforementioned moderating influence of ESE on entrepreneurial action, Kickul and D'Intino (2005) additionally link dimensions of ESE to the

implementation phase of the entrepreneurial life cycle (which is taken to include SME growth).

More obliquely, Stajkovic and Luthans (1998) found a significant correlation between self-efficacy and work performance. At the same time, Chen et al. (1998) and Bandura (1977) underline the importance of self-efficacy as a predictor of performance. Thus, higher levels of self-efficacy might lead to greater interest in tasks, a greater willingness to expend energy, as well as increased persistence under adverse conditions (Chen et al., 1998: 298). Finally, Hmieleski and Baron (2008), in suggesting that self-efficacy is a robust predictor of entrepreneurial performance, consider the moderating influence of dispositional optimism and environmental dynamism on this relationship.

In the preceding discussion, the potential for individual relationships between self-efficacy and aspirations, resource acquisition and performance was established. However, the conceptual framework adopted in this research additionally proposes a moderating relationship between these variables. What is now suggested is that aspirations, much like intent, might not automatically result in a particular course of action. Action, in this instance, refers to resource acquisition, or, indeed, entrepreneurial legitimacy (see for instance, Boyd and Vozikis, 1994). Similarly, resource acquisition might not necessarily lead to legitimacy or performance. In both instances, the relative desirability of undertaking the particular course of action, and the relative willingness to perform particular tasks or expend energy must be accounted for (Chen et al., 1998). To this end, the following hypotheses were formulated:

$H3_a$ – Entrepreneurial self-efficacy moderates the relationship between entrepreneur identity aspiration and resource acquisition such that the relationship will be stronger for individuals with higher levels of ESE

$H3_b$ – *Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and the perception of the desirability of formality such that the relationship will be stronger for individuals with higher levels of ESE*

$H3_c$ – *Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and entrepreneurial performance such that the relationship will be stronger for individuals with higher levels of ESE*

What, then, of the moderating role of motivation? Earlier in this chapter, a consideration of the informal economy as an entrepreneurial space was provided. Relative motives of informal actors were considered. It was accordingly argued that entrepreneurial behaviour in the informal economy is not only necessity based, but indeed might well incorporate an opportunity orientation (Langevang et al., 2012; Rosa, Kodithuwakku, and Balunywa, 2006; Williams, 2009). Traditionally, informal entrepreneurs have largely been considered to be solely necessity-driven as actively pursuing an opportunity might well represent an opportunity cost for some informal actors (Carsrud and Brännback, 2011). Here, a survival instinct is seen to outweigh the 'luxury' of pursuing uncertain opportunities. This is somewhat akin to the 'push-pull' dichotomy. Informal entrepreneurs are conventionally perceived to have few other options and are thus 'pushed' into starting a business (as opposed to being 'pulled' by the allure of an opportunity) (Amit and Muller, 1995; Hessels, van Gelderen and Thurik, 2008).

This said, opportunity-driven behaviour amongst informal actors should not be discounted, particularly amongst young entrepreneurs. Langevang et al. (2012) rightly suggest that considerations of motives underscoring entrepreneurial behaviour should not be considered linear. They contend that there '…are many complex reasons underpinning young people's decisions to start a business which do not conform to static necessity-opportunity dichotomy' (Langevang et al., 2012: 455). From an opportunity-driven perspective, motives which are commonly associated with entrepreneurial behaviour include McCelland's (1965) Need for Achievement (nAch), risk-taking and tolerance for ambiguity, a high internal locus of control, self-efficacy, goal setting, a desire for independence, drive, wealth creation, egoism and status (Shane, Locke and Collins, 2003; Hessels et al., 2008; Segal, Borgia and Schoenfeld, 2005; Wilson, Marlino and Kickul, 2004). Of these behaviours, a desire for independence, recognition and status as well as wealth creation, are not uncommon amongst necessity and, in particular, young black entrepreneurs (Langevang et al., 2012; Mitchell, 2004; Rosa et al., 2006). At the same time, a general concern for the collective (such as the broader family unit and societal concerns at large), have been related to opportunity-behaviour (Langevang et al., 2012).

The impact of motivation on entrepreneurial aspirations is well established (Hessels et al., 2008). Particularly, growth aspirations are influenced by achievement motivation, as well as expectations of financial reward and independence (see Kolvereid, 1992). Despite this established relationship though, little has been done to investigate the moderating influence of entrepreneurial motivation on the relationship between identity aspiration and resource acquisition. However, much

like the aforementioned discussion on self-efficacy, there is logic to the supposition that young black entrepreneurs, who aspire to an entrepreneurial identity, through the attainment of resources and legitimacy, might only undertake this course of action if they are suitably motivated. Such motivation, if influenced through the amassing of symbolic capital, when more status is acquired as consequence of the attainment of a legitimate entrepreneurial identity, will necessarily be opportunity-driven in nature. This is a natural consequence of the valorisation of opportunity entrepreneurship (Venter et al., 2008). Given this, the following hypotheses are formulated:

$H4_a$ – Motivation moderates the relationship between entrepreneur identity aspiration and resource acquisition such that the relationship will be stronger for individuals who are opportunity-driven

$H4_b$ – *Motivation moderates the relationship between entrepreneur resource acquisition and the perception of the desirability of formality such that the relationship will be stronger for individuals who are opportunity-driven*

$H4_c$ – *Motivation moderates the relationship between entrepreneur resource acquisition and entrepreneurial performance such that the relationship will be stronger for individuals who are opportunity-driven*

2.3.3 The mediating role of hybrid values

The final hypothesised relationship is the mediating role of values between entrepreneurial identity aspiration and entrepreneurial capitals as well as between entrepreneurial capitals as well as legitimacy. This, arguably, is the least understood

of all the relationships hypothesised thus far, largely because cultural capital is not well documented in entrepreneurial literature (Firkin, 2003). Despite this, values constitute an important entrepreneurial resource to the extent that different dispositions are leveraged to gain advantage.

Particular attention has been paid to the role of hybridity in this regard. An entrepreneur might embody different values orientations (here, specifically, western archetypal and indigenous African values) to achieve advantage. To reiterate, this relates to an entrepreneur's ability to relate to dominant values and norms within a particular field (Lyon, 2004). By implication, this impacts the identity aspiration of an entrepreneur to the extent that he/she desires a particular entrepreneurial identity which is potentially more archetypal in nature. Particularly, here, values might be seen to mediate the relationship between aspirations and the attainment of different capitals. In order to aspire to 'become' a real entrepreneur and thus gain acceptance, young entrepreneurs need to acquire 'legitimate' resources.

A hybrid African-western identity will thus influence their ability to acquire these resources through greater acceptance and an ability to 'access the centre' (Frello, 2011). Here, for instance, an entrepreneur, in order to win an investor's confidence, might need to relate their particular entrepreneurial journey to specific expectations and beliefs of how new ventures should emerge (in a western sense) (De Clercq and Voronov, 2009b; Loundsbury and Glynn, 2001). Moreover Chaganti, DeCarolis and Deeds (1995) lend support to this assertion, with their consideration of the fact that investment decisions are potentially reliant on (arguably western) values and goals of owners and managers. The following hypothesis is thus stated:

$H5_a$ – Hybrid values mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals

Finally, the relationship between youth entrepreneurial values and legitimacy bears consideration. Again, here, this study's application of De Clercq and Voronov's (2009b) twin notions of 'fitting' and 'standing out' is drawn upon. The relative desire of a young entrepreneur to either formalise (or 'fit in') or indeed perform ('stand out') might be directly attributable to the values embodied. This is not dissimilar to Zimmerman and Zeitz's (2002) consideration of normative legitimacy in that new ventures are able to potentially attain legitimacy though portraying the different norms and values exhibited within a particular field.

At the same time, Lumpkin and Dess (1996) propose that entrepreneurial orientation (which incorporates archetypal entrepreneurial values of innovativeness, proactiveness and risk taking), impacts entrepreneurial performance (and hence legitimacy as considered by this research). As Stam and Elfring (2008) further point out though, entrepreneurial orientation might only lead to greater performance through the acquisition of key resources such as social capital that may foster performance related behaviours. Thus, hybrid values might be seen to mediate the relationship between attaining legitimacy (through both performance and formalisation) to the extent that having the right combination of values will allow individuals to better translate their resources into levels of performance. This could allow young entrepreneurs to 'stand out'. In other words, the manner in which resources are translated into different outcomes might well then be influenced by hybrid values. The following hypotheses are thus derived:

$H5_b$ – Hybrid values mediate the relationship between entrepreneurial capitals and formalisation.

$H5_c$ – Hybrid values mediate the relationship between entrepreneurial capitals and entrepreneurial performance.

2.4 Conclusion

This chapter has provided a theoretical basis for the analysis of youth entrepreneurship through a consideration of hybrid values. It was argued that for youth, hybrid values might serve as an entrepreneurial resource, through a consideration of Bourdieu's (1986) capitals as applied by Firkin (2003). To this end, a conceptual framework was synthesised and presented to demonstrate how hybridity might influence the attainment of other entrepreneurial capitals as well as legitimacy (in the guise of formality and performance).

Moreover, the centrality of entrepreneurial identity aspiration, resource attainment and legitimacy was explored. The moderating roles of self-efficacy and motivation have been highlighted, such that whilst young entrepreneurs might aspire to this identity through the attainment of resources and consequent entrepreneurial performance, their desire to enact this behaviour is influenced not only by their self-belief but also the underlying opportunity-driven, 'pull' motive. Finally, the mediating role of values, and more specifically, hybrid values, was explored, such that young entrepreneurs might 'switch' between values in order to not only obtain other capitals, but indeed, to attain greater legitimacy. Chapter Three will provide an overview of the methods used in testing the theoretical framework expounded upon in this chapter.

CHAPTER THREE

BEYOND ESSENTIALISM: METHODS INVOLVED IN THE QUANTIFICATION OF YOUNG, BLACK ENTREPRENEURS

3.1 Introduction

Chapter Two presented the theoretical framework underscoring this research. In particular, it set out the hitherto largely unexplored complex relationships between youth, hybrid, entrepreneurial values (as form of entrepreneurial capital) and the attainment of other capitals in the informal economy. A conceptual framework was accordingly generated to test associated relationships. In so doing, the intention was to deepen the understanding of the role of values in attaining a legitimate entrepreneurial identity, whilst at the same time contributing to the emerging field of youth entrepreneurship through a more nuanced consideration of youth entrepreneurial behaviour. At the same time, because this study is located in the informal economy, it explores resource attainment in resource limited contexts, thus additionally contributing to more recent considerations of the entrepreneurial nature and legitimacy of this space (Langevang et al, 2012; Williams, 2008b).

In this chapter, a comprehensive account is given of the research methods used. Specifically, here, the research is paradigmatically located and the design, boundaries and limitations of the research are presented.

3.2 Setting out the research rationale

The purpose of this research is to investigate the potential for entrepreneurial identity attainment amongst black youth in South Africa. Specifically, it seeks to determine:

a) the extent to which young black entrepreneurs in Johannesburg's informal economy aspire to an entrepreneurial identity;

b) how such an identity is related to the attainment of entrepreneurial capitals, which in turn then lead to greater legitimacy through the twin notions of formalisation and entrepreneurial performance;

c) how these relationships are moderated by motives and ESE; and

d) the extent to which hybridity (that is the mixing of archetypal western and indigenous values), through mediation, influences the attainment of resources a legitimate entrepreneurial identity.

In order to investigate these objectives, a quantitative study has been undertaken. The quantitative approach, which relies on numerical data, is positivist in nature. Here, researchers seek to identify variables, consider relationships between variables, and test hypotheses using statistical procedures in order to '…objectively measure the social world' (de Vos, 1998: 241). Generalisibility of findings is often key to quantitative research. The study is further best described as exploratory in nature since it is largely concerned with a relative new, underexplored area of research, and indeed, in evolving and testing a model accordingly (Cooper and Schindler, 2008; Neuman, 2000)

The rationale for adopting a quantitative exploratory research design is threefold:

a) No real empirical analysis of the influence of hybridity within an entrepreneurial space has been provided. More specifically, while positivism has dominated values studies (see Hofstede, 2001; Morris and Schindehutte, 2005), these have largely been essentialist in nature. At the same time, non-essentialist studies have been predominantly interpretevist in nature (see

Holliday, 2013). Interpretativists have largely challenged the reductionist, and indeed, 'othering' approach of an essentialist approach to studying culture. This research, however, proposes that, through measuring hybridity quantitatively, a positivist approach might be adopted to reflect on values from a non-essentialist perspective.

b) Moreover, a positivist approach to understanding entrepreneurship tends to dominate the field of research. The emergence of alternative post-(or anti-) positivist approaches to studying entrepreneurship has been noted (see Gartner and Briley, 2002; Grant and Perren, 2002; Hill and McGowan, 1999; Hindle 2004). Despite these alternative approaches, this research resonates with related positivist studies on aspiration, motives, and ESE (see Carsrud and Brännback, 2011; Farmer et al., 2011; Wilson et al., 2007; Zhao et al., 2005). To this end, multiple regression analysis has been undertaken to test the different relationships in the conceptual framework evolved in Chapter Two. Particularly, moderating and mediating influences of entrepreneurial self-efficacy, motives as well as hybrid values are considered using Baron and Kenny's (1986) suggested approach. This is in keeping with previous studies (see Farmer et al., 2011).

c) Finally, while the potential for opportunity-driven behaviour in the entrepreneurial space has been established, this has only been done so qualitatively. As such, there is little potential for the generalisibility of the research (see Langevang et al., 2012; Rosa et al., 2006; Williams, 2009). This limits challenges to the GEM report's somewhat prescriptive categorisation of entrepreneurs with in the informal economy. By adopting a

positivist research design, this research seeks to establish a different perspective accordingly.

The remainder of this chapter will provide a consideration of the research design employed in this investigation accordingly.

3.3 Research design

The research design involves a consideration of the population and sample, as well as the collection of the data. Data collection, in turn, includes a description of the questionnaire, the pilot study as well as the main study. Each of these elements will be discussed below.

3.3.1 Describing the population and sample

In locating the population temporally as well as geographically (see Neuman, 2000: 201), it is accordingly defined as all young black entrepreneurs between the ages of 15 and 35 in Johannesburg's informal economy between 1st May and 31st August 2013.

However, it is acknowledged that there is no absolute sense of the size of the defined population in reality. In other words, there is no fixed measure of either the informal economy, or indeed, the number of youth in the informal economy at a given point in time (Devey et al., 2006a). This is largely to do with churn within the informal economy as individuals continuously enter and exit this space. Furthermore, size estimations of the informal economy vary depending on the method used (Ligthelm, 2006).

This said, two separate base-line studies on informal trade in the seven different regions in Johannesburg were used to provide an approximate estimation of the informal economy. A 2008 study estimated the number of informal traders in Region F (which consists of Johannesburg's inner-city) to be 8 696. In 2009, a further baseline study estimated the number of traders in the remaining six regions to be 7801 (Tamilika Consulting Services, 2009). Together, therefore, Johannesburg's informal economy is estimated to consist of about 16 497 traders. Using these reports, it was further possible to determine, proportionally, the number of young black South African traders (Tamilika Consulting Services, 2009). Approximately 70% of the total number of traders in the report was considered to be South African. Therefore, the number of South African traders was estimated to be 11 548. Moreover, youth between the ages of 15 and 35 constituted a further 46.35% of the total number of traders. Therefore, the number of young black South Africans in Johannesburg's informal economy was taken to be 5 353.

In order to estimate a minimum acceptable sample size, the following formula was used (Bartlett, Kotrlik and Higgins, 2001: 46):

$N = (\underline{t}^2)x(\underline{s}^2)/(\underline{d}^2)$

where:

- $\underline{t}$ = value for selected alpha level of 0.25 in each tail = 1.96
- $\underline{s}$ = estimate of standard deviation in population (number of points on the scale [(5) divided by number of standard deviations that include most values in the range (4)]
- $\underline{d}$ = acceptable margin of error [number of points on the scale (5) x acceptable margin of error (0.03)]

Therefore, the minimum acceptable sample size is taken to be:

$$N = (1.96^2)x(1.25^2)/(0.15^2) = 267$$

This amounts to 5% of the population, therefore is not necessary to apply a correction formula (Bartlett et al., 2001).

However, given that factor analysis and multiple regression was going to be performed on the data (see below), it was necessary to consider the minimum sample sizes for these particular procedures. For factor analysis, a sample of 5-10 cases is recommended per scale item (Floyd and Widaman, 1995; Malhotra, 1996). Therefore a minimum sample size of 325 was required given that there are 65 scale items in the survey instrument (see Appendix One). For regression analysis, Green (1991) recommends two rules of thumb for minimum acceptable sample size estimation (Field, 2009). The first goes to testing the overall fit (R^2) of the model. Here, he recommends a sample size of 50 + 8k (where k is the number of predictors). Here, therefore, for this research, a sample of 114 is required (based on a maximum number of 8 predictors). The second rule Green (1991) proposes goes to the sample required to test individual predictors in the model. Here, he suggests a sample size of 104 + k. Therefore, for this research, a sample of 112 is required accordingly.

In reflecting on the various sample size estimations reflected above, a sample of 365 is thus required. Oversampling is always preferred due to poor response rate (see Bartlett et al., 2001), although this was mitigated by the direct administration of questionnaires to the respondents – see data collection below). Therefore a response rate of 80% is anticipated resulting in a final minimum sample size of 325/0.8 = 406.

A total of 503 respondents representing approximately 10% of the population were surveyed, according to the proportional number of traders in each region based on the different base-line reports. Figure 3.1 reflects the final distribution of the sample accordingly.

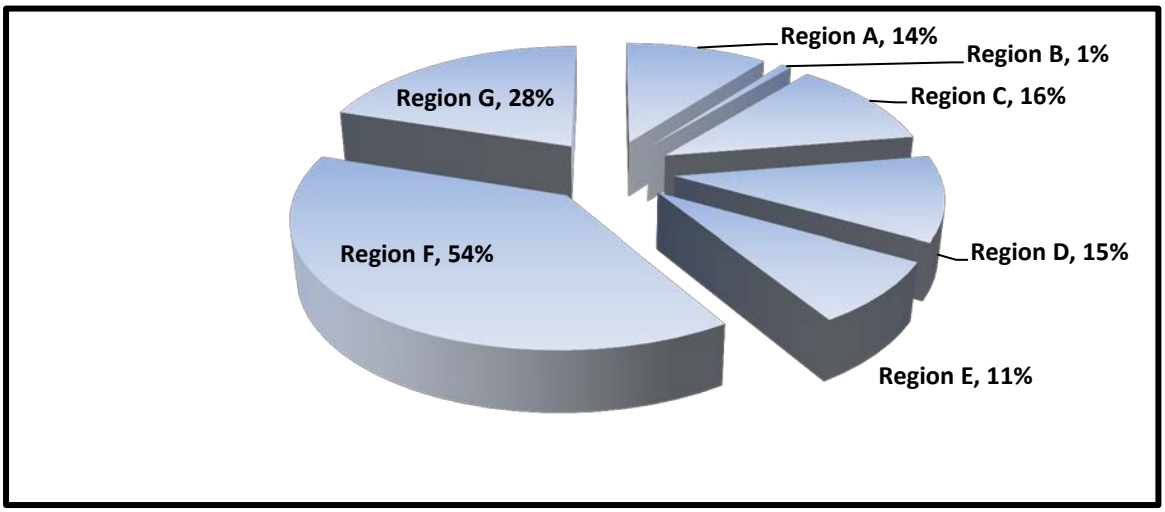


Figure 3.1 – Final sample distribution

At the regional level, the non-probability, purposive sampling technique was adopted when selecting individuals to participate in the study. This form sampling relies on the judgement of the researcher to choose respondents who meet certain criteria (Zikmund, 2003). No claim to generalizability of the results can thus be made, since the sample is not fully representative. However, this was somewhat mitigated for by drawing a proportionally representative sample (see table 3.1 above). Moreover, of the different non-probability sampling techniques, purposive sampling is preferable since it does lead to more reliable results (Sarkar, 2005).

The selection of a non-probability sampling technique was done for two reasons. Firstly, no sampling frame was available from which to draw respondents. Whilst

the City of Johannesburg has records of those entrepreneurs in their metro trading malls (established trading spaces which are an attempt to provide greatly formality to Johannesburg's informal trading landscape), there is little to substantiate the veracity of their estimates. Again, movement in and out of the malls might confound their ability to keep accurate estimates. Moreover, it is not uncommon for stalls to either be sublet to other traders or indeed to be managed by an employee. At the same time, the informal trading landscape extends far beyond metro malls to encompass street traders as well as home-based businesses (see Snyder, 2004). The second reason for using purposive sampling was because it allowed the researcher to meet the sampling objectives, such that a very specific sub-group of entrepreneurs, namely black youth entrepreneurs in Johannesburg's informal economy, were sampled.

3.3.2 Data collection

In this section, the questionnaire will be described, before a consideration of the pilot study and the main survey is provided.

3.3.2.1 The questionnaire

The questionnaire, which, together with the cover letter appears in Appendix One, consists of 80 questions and is broken down into eight sections. In designing the instrument, closed questions appear in the form of a combination of dichotomous, single- response multiple choice items, checklists as well as standard 5-point Likert scales (Cooper and Schindler, 2008; Zikmund; 2003).

Scale items were, wherever possible, informed by previous studies. This was done, largely, to ensure greater reliability of the instrument (see section 3.4 below). Table 3.2 provides a description of each section of the questionnaire, together with a consideration of the source of the different scale items and the nature of the questions used.

Table 3.1 – Expanded description of the questionnaire

Section	Description	Source of questions	Nature of questions
Section one: biographical information	This section consists of questions 1.1-1.13, and was designed to elicit certain demographical information from the respondents. Respondents were asked about their age, gender, home language, ethnicity, as well as level of education. They were additionally asked questions relating to their business, such as location, nature of business, age of business, number of people employed as well as turnover. This information is considered important in so far as it assists in: a) determining intra-generational differences; b) locating the individual in the informal economy and c) establishing the entrepreneurial nature/potential of the business itself (Castells and Portes, 1989; Mannheim, 1952; Landau and Grindey, 2008; Rogerson, 2000 ; Venter et al., 2008; Venter, 2013; Williams, 2008)	• Urban et al., (2011); • Venter et al., (2012)	• Dichotomous; • single-response multiple choice; • Checklists; • Open ended
Section two: entrepreneurial identity aspiration	Consisting of questions 2.1 – 2.7, this section was designed to explore the desirability of an entrepreneurial identity amongst young black entrepreneurs. The relevance, here, is to consider the extent to which young black entrepreneurs identify with this particular identity. This is seen to particularly underscore the drive to secure capitals and to achieve entrepreneurial legitimacy (Bourdieu, 1984; Hoang and Gimeno, 2010).	• Farmer et al., (2011)	• 5-point Likert scale
Section three: entrepreneurial capitals	This section consists of questions 3.1-3.8 and was incorporated to gauge perceptions of the relative worth of entrepreneurial capitals available to the entrepreneur. Importantly, from a	• Fatoki, (2011)	• 5-point Likert scale

	resource based perspective, different capitals allow young entrepreneurs to compete in the informal economy and thus attain legitimacy.		
Section four: entrepreneurial performance	This section consists of questions 4.1-4.9 and was included with the intention of ascertaining the relative entrepreneurial performance of respondents in the informal economy. Here, performance was used to indicate entrepreneurial attainment, which is taken to be a proxy measure for acceptance and legitimacy as well as symbolic capital (Bouchikhi, 1993; De Clercq and Vonorov's, 2009b; OECD, 2008).	• Morris and Kuratko, (2002); • OECD, (2008); • Venter et al., (2012)	• 5-point Likert scale
Section five: perceptions of formality	This section consists of questions 5.1-5.7 and was incorporated to ascertain perceptions of formality amongst young entrepreneurs. Taken similarly to be a proxy for acceptance and legitimacy as well as symbolic capital, this was considered integral to understanding young entrepreneurs' perceptions of opportunity-driven entrepreneurship (De Clercq and Voronov, 2009b). It should be noted that at the time of writing this thesis, no discernible scale items relating to formality could be found. As such, scale items used to measure this construct have been derived from existing theory.	• USAID, (2005)	• 5-point Likert scale
Section six: entrepreneurial values	This section consists of questions 6.1-6.21 and was designed to gain an understanding of respondents' different values as they pertain to the running to their businesses. Here, the focus was on distinguishing between archetypal western entrepreneurial values, and atypical indigenous African values (Hofstede, 2010; Khoza, 2006; Mangeliso, 2001). It should be pointed out that there no discernible scale items relating to indigenous African values could be found at the time of writing this thesis. As such scale items used to measure this construct were derived entirely from theory.	• Hofstede, (2010); • Mangeliso, (2001)	• Open-ended probe • 5-point Likert scale
Section seven: entrepreneurial self-efficacy	This section consists of questions 7.1 – 7.6 and was incorporated to gauge a sense of the self-belief exhibited by young black entrepreneurs. This is an important consideration given the relative	• Wilson et al., (2007)	• 5-point Likert scale

	complexities and challenges facing black youth who largely remain socio-economically marginalised (see for instance Chen et al., 1998). Multi-dimensional scales are, in many quarters, believed to be better for measuring entrepreneurial self-efficacy, given the need to consider the construct in relation to the various parts of the entrepreneurial process (see McGee, Peterson, Mueller and Sequeira, 2009). However, because of the nature of the sample, it was important to use a measure of ESE that was potentially more easy to comprehend and relatable by young black entrepreneurs. A uni-dimensional scale was thus opted for (Wilson, Kickul and Marlino, 2007).		
Section eight: entrepreneurial motives	This section consists of questions 8.1-8.9 and was designed to elicit information pertaining to the motives underlying new venture creation in the informal economy. The importance of this was to establish the entrepreneurial potential of the informal economy such that both push and pull motives might be discerned (Langevang et al., 2012; Mitchell, 2004; Williams, 2009)	• Urban et al., (2011)	• 5-point Likert scale

Where feasible, scale items were taken previous studies. These included the following:

- scale items to measure entrepreneurial identity were taken from Farmer et al.'s (2011) strength of entrepreneurial identity aspiration scale (α = 0.93 averaged across three samples);
- entrepreneurial self-efficacy was measured using items from Wilson et al.'s (2007) uni-dimensional ESE scale (α = 0.805 averaged across two samples).

- the entrepreneurial motives scale was derived from items taken from Urban et al.'s (2011) motives scale as tested in Johannesburg's informal economy (α = 0.712);
- Finally, the performance scales were taken from Venter et al.'s (2012) entrepreneurial performance scale which was similarly tested in Johannesburg's informal economy (α = 0.776).

Where necessary, these adopted scales were adapted to be contextually sensitive without losing either the core meaning or being patronising. This in part was done to additionally overcome challenges associated with language (see the discussion on the second phase below). Adaptation in part relied on input received from the pilot study (see section 3.3.2.2 below).

Where existing scales were not available to measure constructs, new scales were developed. This was done for the entrepreneurial capitals, perceptions of formality, and entrepreneurial values scales. The process undertaken in developing the scales was found to be congruent with the three phases proposed by Slavec and Drnovšek (2012). During the first phase, the different items for each construct were generated through an extensive analysis of the literature over a period three years. Moreover, an initial qualitative study undertaken in 2009 to investigate hybridity in the informal economy (see Venter, 2012), contributed particularly to an understanding of the melding of indigenous and archetypal western values in Johannesburg's informal economy. This facilitated the identification of new scale items, but also underlined the need for a new scale to measure indigenous and hybrid values particularly.

Finally, content validity was assured through careful evaluation of the different items by expert judges (which in this instance included the researcher's doctoral supervisors). This was additionally achieved through the researcher's knowledge of the informal economy as a result of several years of enterprise development as well as research experience in the space (see Callaghan and Venter, 2011; Urban et al., 2011; Venter et al., 2012).

In the second phase, the representativeness and appropriateness of data collection was addressed (Slavec and Drnovšek, 2012). Here, particularly, a pilot study was undertaken to identify potential problems with different scale items (including those that were adapted from existing scales to ensure contextual sensitivity), as well as to assess pre-test reliability. The pilot study is discussed in more detail in section 3.3.2.2 below. Slavec and Drnovšek (2012) further suggest the translation and back-translation of items in a multicultural context. Realistically, for most informal traders, English is perhaps a distance third or fourth language of choice suggesting that translation and back translation was desirable.

However, translating the instrument into multiple languages proved problematic. Firstly, the sheer number of languages enshrined in the Constitution of the Republic of South Africa act 108 of 1996 (11 official languages) made this practically very difficult to achieve, financial implications notwithstanding. Secondly, few indigenous languages have a relevant and adequate vocabulary to deal with entrepreneurial terminology and discourses, which are predominantly western in nature. Anecdotally, for instance, this researcher has found, through his involvement in entrepreneurial training of informal traders, that many ethnicities might have two or three different words/meanings for a particular construct. This particular challenge

was overcome in the field through the use of multilingual research assistants who administered the questionnaires, and translated them into vernacular, wherever feasible in order to overcome difficulties associated with the lack of a shared vocabulary (Cooper and Schindler, 2008).

Moreover, in the second phase pertaining to scale development, a sample was drawn and the instrument was tested accordingly. The difficulties of drawing a random sample in the informal economy are discussed in section 3.2 above. However, this was somewhat mitigated for through the selection of a proportionally representative sample. Data collection was carried out over a two month period to prevent any biases attached with temporality. Moreover, as suggested above, multilingual research assistances were used to ensure responses were accurately captured.

In the third and final phase of the development of the scales, validity and reliability of the scales were assessed (see section 3.3.2.3 below). In brief, though, all scale items that were evolved from scratch were found to be reliable, and all reduced into the expected number of factors.

3.3.2.2 The Pilot Study

A pilot study was undertaken during May 2013 in order to detect potential problems with the questionnaire and thus ensure its reliability in part (see section below 3.3.2.3.1). This study was conducted amongst a group of young black entrepreneurs in Ekurhuleni. The qualifying criteria of age (15-29), heterogeneity (a range of different business types), as well as gender (an equal proportion of male and female

entrepreneurs), were used in selecting the sample, in accordance with initial characteristics of the main sample.

Ekurhuleni is located on the East Rand of Gauteng. As a metropolitan municipality, it incorporates the towns of Alberton, Benoni, Boksburg, Brakpan, Germiston, Kempton Park, Nigel and Springs. It was chosen as a location for the pilot study for the following reasons:

- It was important to select a location which would approximate Johannesburg as a site for the main study. Ekurhuleni, together with Johannesburg, Tshwane, Mogale City and Emfuleni, forms part of Gauteng Province. In accounting for 23% of Gauteng's GDP (with Johannesburg, as Gauteng's capital, contributing 38%), it makes a significant and comparable economic contribution.
- Moreover, given Ekurhuleni's geographical proximity to Johannesburg, as well as its relative economic strength in Gauteng, intuitively the nature and lived experience of participants in the informal economy should be similar. There is, nonetheless, a relative paucity of comparative research on the two informal economies to support this assertion. However, in reflecting on Gauteng's informal economy, data has been aggregated across Tshwane, Johannesburg and Ekurhuleni, suggesting perceived homogeneity across municipalities on the part of researchers (see Wills, 2009).
- Ekurhuleni has a relatively young population, with ages of 15-34 accounting for about 40% of the population. This is of significance, given the nature of this study, and, particularly, its focus on youth.

- Ekurhuleni's informal economy has been the subject of previous research. Rogerson (2013) for instance, in reflecting on Local Economic Development policy in Ekurhuleni, emphasises its 'pro-poor' stance. Moreover, Ngiba, Dickinson, Whittaker and Beswick (2011) provides a consideration of linkages between traders in the Natalspruit informal market in Ekurhuleni, and their suppliers, using Porter's five forces model. Finally, Schraader et al. (2010) using a case study of Natalspruit informal market, consider the role of debt financing amongst informal traders, and establish that capital requirements are large enough in many instances to justify debt financing.

The questionnaire in Appendix One was administered by a research assistant. The purpose of the research was explained verbally to the participants, and each participant was then handed a questionnaire. Upon completion, the research assistant elicited feedback from the participants using a control sheet (see Appendix Two).

No specific changes were recommended to the questionnaire. The average time to complete the questionnaire was 20 minutes. For the most, the respondents were happy with the level of language, and indeed, with any translation of questions by the research assistant. She, in turn, was comfortable administering the questionnaire, and found that questions were easily translatable. Therefore, the questionnaire was suitably pitched in terms of language. This was an important consideration, given that the questionnaire was constructed entirely in English which might have presented a number of barriers to understanding given the multilingual context of the informal economy (see section 3.3.2.1 above).

Additionally, the research assistance administering the pilot study made an important observation concerning the average age of informal traders. Initially, this study relied on a narrower definition of youth, which pegged ages at 15-29. This was done to limit the perceived variance in lived experiences of individuals within a wider age categorisation. However, in collecting data during the pilot study, the research assistant determined the average age of traders to be 30-35. It was thus decided that an expanded age categorisation of youth of 15-35 (as per South Africa's National Youth Policy) would be used in the large survey.

Data was captured and cleaned prior to analysis by drawing frequency tables for all questions and identifying and correcting anomalous values. Initial Cronbach's alpha scores of the scale items in sections 2-8 of the questionnaire indicated that the constructs were largely reliable. These scores are set out in Table 3.2 below.

3.3.2.3 Assessing the reliability and validity of the questionnaire

In assessing the suitability of the questionnaire, it is further necessary to consider steps taken to ensure its validity and reliability. Ultimately, both validity and reliability are concerned with how closely a measure is connected to a related construct (Neuman, 2000: 164). Perfect validity and reliability in social research is an ideal, and it rarely obtained (Neuman, 2000). Despite this, it is nonetheless important to reflect on the various efforts to ensure reliability and validity of the questionnaire in this study.

3.3.2.3.1 Reliability

Reliability was in part assured in the first instance by conducting a pilot study (see section 3.3.2.2 above). This was done to identity any difficulties associated with the design of the questionnaire and readability of the different items. Moreover, it allowed for initial testing of the different scales.

Reliability of the scales was assessed using Cronbach's alpha scores for the different constructs. Developed by Cronbach (1951), this measure allows for data to be split in two in every possible to compute the correlation coefficient of each split (Field, 2009). Acceptable alpha values are between 0.7 and 0.8. Cronbach's alpha's for both the pilot and large studies are set out in Table 3.2 below.

In reflecting on the pilot study, barring the motives scale, all scales were found to be reliable, suggesting that no immediate adjustment was necessary to scale items. However, an initial assessment of scores for individual items of the motives scale showed that questions pertaining to push motives around displacement from the workplace (through loss of employment due to being fired or retrenched) were most problematic. As a result, it was felt that alpha scores for the construct might adjusted through the removal of these items such that the overall reliability thus improved. However, these items were considered potentially problematic due to the initial age categorisation of the respondents adopted in the pilot study (i.e. 15-29). In other words, individuals in this age categorisation might not have experienced displacement from a formal work setting. With the decision taken to adopt an extended age categorisation of 15-35, the potential for displacement from the

workplace was seen to increase. Therefore these particular questions were retained in the final instrument.

With regards to Cronbach's alpha scores for the large study, it should be noted that these alpha scores have been adjusted through the removal of individual items with unacceptable alpha scores (see section 4.4.1). Moreover, all scales are reliable, given the range of alpha scores detailed above, barring the motives scale which falls just below the acceptable level of 0.7, but which is nonetheless considered acceptable given the exploratory nature of this study (see Coldwell and and Fried, 2012).

Table 3.2 – A comparison of Cronbach's alpha scores

Construct	Pilot study α's	Large study α's	Comparative α's
Entrepreneurial identity aspiration (section two)	0.809	0.806	0.92 (Farmer el al, 2011)
Entrepreneurial capitals (section three)	0.852	0.742	Own scale
Entrepreneurial performance (section four)	0.899	0.832	0.776 (Venter et al., 2012)
Perceptions of formality (section five)	0.874	0.785	Own scale
Entrepreneurial values (section six)	0.829	0.847	Own scale
Entrepreneurial self-efficacy (section seven)	0.844	0.878	0.805 (Wilson et al., 2007)
Entrepreneurial motives (section eight)	0.455	0.699	0.712 (Urban et al., 2011)

3.3.2.3.2 Measurement validity

Establishing the validity of a research instrument is often quite difficult. Accurately measuring the construct you purport to measure is confounded by the fact that there is a gap between the abstract construct (how a researcher might picture something), and the concrete indicator (how things are represented in reality) (Neuman, 2000; Zikmund, 2003). Despite this, three levels of validity, namely, content, criterion and construct, were considered in this study.

- **Content validity**

In the context of this research, face/content validity was ensured in two ways (see Cooper and Schindler, 2008). In the first instance, researcher relied on his own expert judgement based on several years of knowledge of and experience in the field of research through enterprise development initiatives to define constructs and associated measures. In the second instance, the relevance of the constructs and associated measures developed by the researcher were additionally assessed by his research supervisors who are area experts in both the informal economy and entrepreneurship. Suggested changes were effected accordingly.

- **Criterion Validity**

In order to ensure criterion validity, in this study, an attempt was to made to establish concurrent validity only as predicative validity was not considered relevant (Neuman, 2000; Zikmund, 2003). Here, researcher derived questionnaire items from pre-existing indicators used in previous studies. This is detailed in Table 3.1 above.

- **Construct validity**

Convergent validity as a measure of construct validity was considered to be more relevant to this research such that different items were tested as to whether they measured the same underlying construct (Cooper and Schindler, 2008). Inter-item correlations were accordingly computed whilst an exploratory factor analysis was undertaken to test whether items that were purported to define a construct loaded onto the same factor (John and Benet-Martínez, 2000). Results for these tests are set out in in section 4.4.2 below. Scale items were seen to loaded onto factors as expected and thus the instrument was found to be valid.

3.3.2.4 Describing the large study

The large study, which was undertaken between July and August 2013, was limited to young, black, male and female South African entrepreneurs (n=503) between the ages of 15 and 35, in Johannesburg's informal economy. As discussed in Chapter Two, this age categorisation differs from the official South African definition of youth (14-35), such that by using 15 as the lower limit, economic legitimation of the respondents in terms of the Basic Conditions of Employment Act is assured. Respondents were selected to participate using purposive sampling (see section 3.3.1).

Johannesburg, as the context, for the research, was selected for the following reasons:

- As a city, Johannesburg is considered to the economic heartland of South Africa as well Africa's economic powerhouse (CDE, 2002; Rogerson, 2005).

- Johannesburg has been criticised for its policy on urban entrepreneurialism, with its focus on positioning itself as a global city, rather than inculcating and supporting a pro-poor enterprise culture (Rogerson 2004a; Venter, 2012). As such, an investigation into the entrepreneurial potential of informal actors was considered important to underscore the economic potential of its informal economy from a policy perspective.
- This said, there is evidence to suggest that Johannesburg's informal economy is entrepreneurial (see Callaghan and Venter, 2011; Peberdy, 2000; Rogerson, 2005; Urban et al, 2011; Venter et al, 2012). This is not surprising given that Johannesburg is South Africa's 'largest and economically most vibrant city' (Rogerson, 2005:1). Estimations of the size of Johannesburg's informal economy vary, with most recent estimations establishing the number of participants at 16 000 (Tamilika Consulting services, 2009).
- Data on youth participation in Johannesburg's informal economy is limited, although there is every reason to believe that youth play an active role in this space given the high rate of youth unemployment coupled with the fact that Johannesburg provides economic and entrepreneurial opportunity. As such, because of this, Johannesburg provides an ideal location for a consideration of the interaction of the margin and 'centre', and thus, of how aspiration and acceptance might play out amongst black youth.

Moreover, this study is limited to an examination of South African youth. This is largely because this research is concerned with the attainment of legitimacy. Thus, while it is acknowledged that there is a high incidence of foreign nationals in Johannesburg's informal economy, many of these are illegal immigrants (Landau

and Gindrey, 2008). At the same time, this study concerned itself with a consideration of those afro-centric values which are attributable to Ubuntu (Botho), both of which are germane to South Africa.

Data was collected over period of two months across all seven of Johannesburg's administrative regions. Table 3.3 illustrates the distribution of the sample.

Table 3.3 – Proportional distribution of questionnaires

Region	Proportional number of traders	Number of questionnaires distributed
A	15%	75
B	2%	10
C	3%	15
D	13%	65
E	11%	55
F	53%	268
G	3%	15

Multilingual data-collectors were retained in order to ensure that meanings of the different items could be conveyed, where respondents were not particularly adept in the English language. At the same time, the ages of the data collectors (all <35) were such that they were able to establish rapport with the respondents. Finally, all data collectors were South African in origin. This was additionally important given the high incidents of xenophobia in South Africa's informal economy (see Worby, Hassim and Kupe, 2008).

Various assumptions made in the data collection process included the following:

- a majority of respondents constituted more than fifty-percent of entrepreneurs surveyed;
- the informal economy constituted an entrepreneurial space, and respondents were just as likely driven by opportunity as they were by necessity;
- respondents consistently understood the basic terminology and words used; and
- respondents would, and could, express their considered opinions.

3.3.3 Limitations of the research

Despite every effort being taken to minimise potential limitations of the research some were nonetheless found to be present. In the first instance, this research was limited to an analysis of youth in Johannesburg's informal economy, given Johannesburg's economic stature. However, it is acknowledged that it would be difficult to extrapolate the experiences of youth entrepreneurs in this space to other contexts given the incongruities that exist at the policy level, as well as access to resources.

At the same time, in deriving the hypotheses from the literature review, two shortcomings are acknowledged. The first is that this thesis attempts to evolve a multidisciplinary lens to examine entrepreneurial behaviour amongst youth. As such, little research exists that directly relates hybridity to the entrepreneur. In as much as this then contributes to the originality of the research, it underscores its exploratory nature. No attempt was thus made to establish causality in testing the relationships.

The second is that much of the prior research on which this thesis is based, is Northern-Centric. Few studies exist which explore entrepreneurship in emerging economies (see Bruton et al., 2008). At the same time, this study proposes that the informal economy might well contain opportunity-driven entrepreneurs. While various international studies acknowledge this to be true of informal economies in the west (see Williams, 2007, 2008a, 2008b), there is still a tendency to view the informal economy as a haven for survivalist activity in South Africa. Notwithstanding the above, every effort was made to limit the scope of these limitations by drawing on South African research wherever possible (see Callaghan and Venter, 2011; Urban et al., 2011; Venter et al., 2012).

A further limitation goes to the different biases that impacted the research. Leedy (1989:166-67) suggests that '...in the research environment, the researcher cannot avoid having data contaminated by bias of one sort or another'. Five particular biases have bearing on this research, given the nature of the study, and bear further discussion.

- The first bias, pertinent to this study, is 'social desirability' bias (Neuman, 2000). Here, respondents might be afraid, or ashamed to answer a question truthfully, and they thus give a socially desirable or normative response. This was pertinent to this study, given its emphasis on the informal economy which is largely marginalised. Here, it was anticipated that informal actors would under- and over-report certain behaviours. To this end, scale items were asked in a less threatening way, through using more contextually relevant questions.

- The second bias relevant to this study was that of 'western cultural bias'. Here, given that the researcher in this study comes from a predominantly Western cultural background, there is every possibility that this might have influenced not only the design of the questionnaire, but the interpretation of results and the ensuing discussion too. In short, all researchers are inevitably a 'product of their own culture' (Neuman, 2000). This was real concern in this study, where the predominant focus is an understanding of atypical cultural identities. An attempt was made to avoid an ethnocentric approach in this research by having young black interviewers administer the questionnaire, and translate items wherever possible (the complexity of translating the questionnaire into multiple languages is discussed in section 3.3.2.1). Finally, the researcher in this study avoided making any inferences which might have considered judgemental and prejudicial in discussing the results of the research.

- As the third bias, common method variance or bias, which is directly attributable to the measurement method, is of particular relevance to this research too (Campbell and Fiske, 1959; Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). This type of bias arises when '… relationships between variables measure with the same method (are) inflated…' (Spector, 2006: 221). Moreover, the potential for common method bias is further increased through the use of self-report measures (Conway and Lance, 2010; Spector, 2006). Given that a single questionnaire was used to collect data, and respondents were asked to complete the questionnaire, issues of common method might be construed to be problematic.

However, the effects of this were minimised in the following ways (Conway and Lance, 2010). Firstly, given the absence of objective data pertaining to young, informal entrepreneurs in Johannesburg, self-reporting using perceptual questions was considered to be a necessary alternative. Secondly, evidence of construct validity is provided using both Cronbach's alphas as a test of the reliability of the scales (see section 3.3.2.3.1 above) as well as factor analyses of the different scales in order to establish whether items which related to a particular construct loaded onto the expected number of factors (see Chapter Four). Finally, items were worded in order to limit potential overlap with other items.

- The fourth bias, survivorship bias might also impact on this study. This largely arises through the inclusion of only those businesses which were in existence at the time that the survey was carried out as compared to all businesses that had been founded over a period of time (see O'Brian, Folta and Johnson, 2003). This is potentially exacerbated through the adoption of a cross-sectional (as opposed to longitudinal) research design, as was the case in this research. However, given the nature of the context in which the research was carried out, and particularly expectations of churn of participants between the informal and formal economies (Devey et al., 2006a; b) as well the youthful nature of the respondents and their concomitant propensity to change employment, it was considered particularly difficult to not only capture all potential businesses but also carry out a longitudinal study. Nonetheless, the impact of survivorship bias was potentially mitigated through the inclusion of number of years in business as a control variable.

- The fifth and final bias that has possible impact on this research is that of non-response bias. Berg (2005: 3) defines this as '… the mistake one expects to make in estimating a population characteristic based on a sample of survey data in which, due to non-response, certain types of survey respondents are under-represented'. This typically arises when respondents fail to answer either an entire questionnaire or certain items therein. This was mitigated for in this research in a number of practical ways. Firstly, research assistants were used to administer the questionnaire directly to respondents, thus limiting the potential for non-response. Secondly, a carefully worded cover letter which detailed the value of the study was crafted and attached to the questionnaire (see Appendix One). Thirdly, the sample was drawn using purposive sampling. Therefore, all potential respondents were expected to conform to a common set of characteristics (namely black, South African youth between the ages of 15-35). As such, it was not expected that the responses of non-respondents would differ to respondents (Berg, 2005).

Beyond the various biases which have had bearing on the research, a further limitation which is specific to cultural research is that of ecological fallacy. This occurs when '… relationships are estimated at one level of analysis (e.g. collectivities) and then extrapolated to another level (e.g. individuals) (Grenness, 2012: 76). This is most true for studies which consider values and culture at the individual level, such that individual values are thus confounded with 'national culture' (Autio, Pahtak and Wennberg, 2013). The assumption is made that values at a national level are reflected in values at the individual level (Grenness, 2012).

Two particular methods were used to avoid ecological fallacy in this research. In the

first instance, the sample was fairly homogenous, reflecting a relatively common value set (see the discussion of the values scale in Chapter Four below) (Grenness, 2012). The second approach was to include different indicators at the individual (i.e. aspirations, motives, self-efficacy and performance) and societal (values) levels in the regression models (see Chapter Four) (Autio et al., 2013). However, it must be acknowledged that this research did not purport to adopt a multi-level method through the inclusion of macro and micro level variables (Autio et al., 2013; Tabachnick and Fidell, 2007).

The final acknowledged limitation is that of endogeneity. This potentially affects regression analysis such that a dependent variable might potentially influence the independent variable (as opposed to the reverse, which is what is being tested). This might indeed be true for this research (and indeed is purposively established to some extent in the testing of mediation such that a mediator acts as both an independent and dependent variable). Testing for endogeneity commonly involves the use of advanced econometric modelling techniques which were considered to be beyond the scope of this study. This said, however, some degree of endogeneity might be expected given that this is an exploratory study, such that relationships between variables and potential interactions are tested in a particular setting for the first time. It is further suggested that this potential limitation is common to, and an accepted part of research of this nature. For instance, structural equation modelling and path analysis, which are equally common techniques adopted to test frameworks such as the one derived in this study, consider multiple interactions between exogenous and endogenous variables (see Cramer, 2003).

3.4 Hypotheses

To reiterate, the hypotheses to be tested are reflected in Table 3.5 below.

Table 3.4 – Hypotheses

Hypothesis 1	*H1 (alternative):* *Entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy is positively related to their attainment of entrepreneurial capitals.* *H1 (null):* *There is no positive significant relationship between the entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy and their attainment of entrepreneurial capitals.*
Hypothesis 2	*H2a (alternative):* *The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to the desirability of formalisation.* *H2a (null):* *There is no significant relationship between the attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy and the desirability to formalise.*
	H2b (alternative) *The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to entrepreneurial performance.* *H2b (null)* *There is no positive significant relationship between the attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy and entrepreneurial performance.*
Hypothesis 3 (moderating effect of ESE)	*H3a (alternative):* *Entrepreneurial self-efficacy moderates the relationship between entrepreneur identity aspiration and resource acquisition such that the relationship will be stronger for individuals with higher levels ESE.* *H3a (null):* *Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur identity aspiration and resource acquisition.*
	H3b (alternative): *Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and the perception of the desirability of formality such that the relationship will be stronger for individuals with higher levels ESE.*

	H3b (Null): *Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur resource acquisition and the perception of the desirability of formality.*
	H3c (alternative): *Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and entrepreneurial performance such that the relationship will be stronger for individuals with higher levels ESE.* *H3c (null):* *Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur resource acquisition and entrepreneurial performance.*
Hypothesis 4 (moderating effect of motives)	*H4a (alternative):* *Motivation moderates the relationship between entrepreneur identity aspiration and entrepreneurial capitals such that the relationship will be stronger for individuals who are opportunity-driven.* *H4a (null):* *Motivation does not moderate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.*
	H4b (alternative): *Motivation moderates the relationship between entrepreneurial capitals and the perception of the desirability of formality such that the relationship will be stronger for individuals who are opportunity-driven.* *H4b (null):* *Motivation does not moderate the relationship between entrepreneurial capitals and the perception of the desirability of formality.*
	H4c (alternative): *Motivation moderates the relationship between entrepreneurial capitals and entrepreneurial performance such that the relationship will be stronger for individuals who are opportunity-driven.* *H4c (null):* *Motivation does not moderate the relationship between entrepreneurial capitals and entrepreneurial performance.*
Hypothesis 5 (mediating effect of values)	*H5a (alternative):* *Hybrid values mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.* *H5a (null):* *Hybrid values do not mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.*

	H5b (alternative): *Hybrid values mediate the relationship between entrepreneurial capitals and formalisation.* *H5b (null):* *Hybrid values do not mediate the relationship between entrepreneurial capitals and formalisation.*
	H5c (alternative) *Hybrid values mediate the relationship between entrepreneurial capitals and entrepreneurial performance.* *H5c (null)* *Hybrid values do not mediate the relationship between entrepreneurial capitals and entrepreneurial performance.*

3.5 Statistical tests adopted

Various statistical tests were selected to analyse the data based on the nature and characteristics of the data collected. This section will further elaborate on which statistical tests were chosen and why.

3.5.1 Level of significance

Generally speaking, the significance level, which goes to type I error, should not be set too low simply because the smaller the probability of rejecting the true hypothesis, the larger the probability of accepting a false hypothesis, particularly if the sample size is small (Cooper and Schindler, 2008; Freund and Williams, 1977). To limit any detected differences as being due to chance to less than 5%, the level of significance for the statistical procedures was set at 0.05.

3.5.2 Statistical tests and procedures

Statistics were used in this thesis in the following ways:

- Descriptive statistics were used to indicate the location and spread of the data;
- The reliability and validity of the questionnaire as a measuring instrument was tested;
- Regression analysis was used to test the hypotheses

3.5.2.1 Descriptive statistics

Descriptive statistics were used to provide not only a full description of the raw data collected, but also an indication of the dispersion of opinions expressed in the responses. These descriptive statistics included (Zikmund, 2003) frequency counts, proportion tests, as well as measures of dispersion. Simple Chi-squared tests were also used to test for significant differences between the observed and expected distribution of data (Cooper and Schindler, 2008; Zikmund, 2003). Results of different procedures carried out in this regard are reported in Chapter Four.

3.5.2.2 Tests for validity and reliability

Reliability testing using Cronbach's alphas was discussed above in section 3.3.2.3.1. Here, Cronbach's (1951) measure was established. The alpha scores for this study are presented in Chapter Four. At the same time, the establishment of validity using factor analysis alluded above in section 3.3.2.3.2. A fuller description of Exploratory Factor Analysis (EFA) is however necessary.

Factor analysis is generally performed to '…determine the extent to which variables that are related can be grouped together so they can be treated as one combined variable or factor rather than as a series of separate variables' (Cramer, 2003: 13). It is thus undertaken to ensure that the different questions relate to the different constructs being measured (John and Benet-Martinéz, 2000; Field, 2009). In this research, Principle Component Analysis was undertaken together with parallel analysis using Monte Carlo PCA software. In order to interpret the results of the parallel analysis, initial eigenvalues generated by SPSS are compared with values generated by the parallel analysis. If the SPSS-generated eigenvalues are higher than the parallel analysis values, then the component is retained. If they lower, then they are rejected accordingly (Pallant, 2005: 184). In addition Cattell's (1966) scree test was used to extract factors, using points of inflexion accordingly.

As a precursor to the factor analyses, the suitability of the data for factor analysis was assessed using correlation matrices which are constructed at the 0.001%, 0.01% and 0.05% levels. Barlett's (1954) test was similarly applied to determine the suitability of the correlation matrix (Field, 2009). A significant test result thus suggests that correlations between variables are different from zero, suggesting the potential for relationships between variables.

In addition, Haitovsky's (1969) test was applied to detect problematic multicolleniarity by determining whether a correlation matrix is singular (that is, a determinant which 0). The equation is as follows:

$X^2_H = [(1+ ((2p+5)/6) – N] \times \ln(1-X^TX)$

Where: p= number of variables

N = sample size

X^TX = determinant of the correlation matrix; and

the test statistic used to compute the degrees of freedom is p(p-1)/2

The Kaizer-Mayer-Olkin (KMO) (1970, 1974) measure was used to verify the sampling adequacy for the analysis, with values of greater or equal to 0.5 are considered adequate.

3.5.2.3 Hypothesis testing

The different hypotheses in this study were tested using regression analysis. Stepwise multiple linear regression (alternatively called Ordinary Least Square (OLS) regression) was adopted. Here, forced entry was used to determine the relationship between predictor and outcome variables (Field, 2009). This approach was deemed to be suitable for the research undertaken based on its adoption in prior research of a similar nature (see Farmer et al. (2011) where stepwise OLS was adopted to investigate a model based on entrepreneurial identity aspiration).

Control variables were included accordingly to more accurately reflect the variance added by the predictor variable. The inclusion of these control variables was additionally predicated on their pre-existing relationship to entrepreneurial outcomes (particularly performance) in the literature. These control variables include:

- Gender (1 = Male; 2 = Female)
- Age (1 = 15-19 yrs; 2 = 20-24 yrs; 3 = 25-29 yrs; 4 = 30-35 yrs)

- Education (1 = primary level education; 2 = secondary level education; 3 = tertiary level education)
- Turnover (1 = < R8670 (mean); 2 = > R8670 (mean))
- Number of years in business (1 = less than 1 year; 2 = 1 – 5 years; 3 = more than 5 years)

Rosa, Carter and Hamilton (1996) explored the effects of gender on small business performance, and concluded that gender has a significant impact accordingly despite controlling for a number of factors, including education, sector, finance and ownership. Two separate studies indicated that age of the entrepreneur is unrelated or indeed negatively related to entrepreneurial performance (Harada, 2003; Stuart and Abetti, 1990). Despite this, given the importance of age to this particular study (such that the study considers the young entrepreneur), age was accordingly included as a control variable.

Education was considered to be an important contributor to entrepreneurial performance in a number of studies (see for instance Robinson and Sexton, 1994; Parker and Van Praag, 2006; Van der Sluis, Van Praag, Vijverberg, 2005; Van der Sluis and Van Praag, 2008). Perhaps most telling in this regard was Van der Sluis et al.'s (2005) observation that in an emerging economy, a single additional year of education increases an enterprise's income by 5.5%. Brush and Chaganti (1999) in reflecting on the relationship between resources and performance of the business, introduced age of the business as a control variable, but found that despite more rapid growth amongst younger firms, there was no relationship between age and resource acquisition.

At the same time, Durand and Coeurderor (2001), in examining the relationship of the age of the business to performance, suggested that young businesses generally demonstrated better outcomes than older businesses, while age was particularly significant for late movers. Finally, turnover was introduced as control variable, simply because of the wide variance in reported income.

In order to assess the impact of both moderator and mediator variables, Baron and Kenny's (1986) approach was adopted. Moderators are seen to affect the strength of the relationship between a predictor and outcome variable, while mediators influence the relationship accordingly. For regression including a moderator, an interaction variable was created, which is the product of both the predictor and moderator. The outcome variable was regressed against this interaction variable, as well as against the predictor and moderator, to test for a moderating effect. Both predictor and moderators were centred before creating the interaction variable in order to control for multicollinearity.

Mediation, on the other hand, was tested using three regression models. In model one, the mediator was regressed against the predictor as if the mediator were an outcome variable. In model two, the outcome variable was regressed against the predictor variable, and in model three, the outcome variable was regressed against both the mediator and predictor variables. In model three, in order for full mediation to have occurred, the effect of the predictor variable on the outcome variable has to be less than in the second equation.

For all regressions, average sum of items for different scales was taken to form the different constructs, as opposed to using more refined measures such as factor

scores (DiStefano, Zhu and Mîndrilă, 2009). This was found to be an acceptable practice for exploratory studies as exemplified by this research (Tabachnick and Fidell, 2007). As such therefore, an entire scale was summed to for a particular construct in order to test the different relationships in the conceptual framework accordingly. The potential impact of sub-constructs will be considered in Chapter Five.

Prior to conducting the regression analyses, different assumptions relating to outliers, normality, linearity, homoscedasticity, and independence of residuals were tested using scatterplots and probability plots accordingly (Field, 2009; Pallant, 2005; Tabachnick and Fidell, 2007).

3.5.2.4 Statistical Packages

All statistical calculations were computed using version 21 of SPSS. Moreover, Monte Carlo Software was used to conduct parallel analysis as part of PCA.

3.6 Ethical considerations

In order to address ethical concerns in the research process, the following steps were taken:

- confidentiality of the respondents was assured. No information which might identify the respondent (such as the name of the individual as well as his/her business) was requested;
- respondents were asked to sign informed consent forms prior to completing the questionnaire (see Appendix Three). This was done to ensure that respondents

were fully aware of the nature of the study and any consequences of their participation.

- ethical approval was obtained from the University of Witwatersrand's ethics committee (see Appendix Four);
- finally, data is to be stored in the researcher's office at the University of the Witwatersrand, for a period of five years to facilitate further analysis after which it will be destroyed.

3.7 Conclusion

In this chapter, a comprehensive account of the research methods used in this study has been presented. Specifically, a justification of the adoption of a non-essentialist positivist approach was explored before consideration was given to the population and sampling. Thereafter, the data collection process was examined. Here, particularly, the composition of the research instrument was described, before an account of the pilot study was provided. Issues pertaining to reliability and validity were considered before limitations were explored. A description of the statistics used in the study was provided, before the chapter concluded with an examination of ethical issues pertinent to the research.

Chapter Four provides an analysis of the findings from the research that was subsequently undertaken amongst young black entrepreneurs in Johannesburg's informal economy. Specific relationships depicted in the conceptual framework presented at the end of Chapter Two are tested and an initial discussion of the results is provided.

CHAPTER FOUR

EVIDENCE FOR A YOUTH ENTRPRENEURIAL IDENTITY:

RESULTS AND DISCUSSION

4.1 Introduction

The purpose of this chapter is to present and discuss results from the analysis of data that was collected as a consequence of the research process described in Chapter Three. Specifically, as this thesis is quantitative in nature, the data will be statistically analysed. In so doing, the conceptual framework evolved in Chapter Two will be tested. This chapter will begin with a descriptive analysis of the sample, after which a consideration of the different scales will be provided. Thereafter, hypothesised relationships between relationships in the conceptual framework will be tested using multiple linear regression analysis (Stepwise OLS).

4.2 Describing the sample

In total 503 viable questionnaires were collected from the respondents. This final sample size is larger than the initial sample of 406 required to conduct a factor analysis (with an anticipated response rate of 80%). Various characteristics of the sample are presented and discussed below.

4.2.1 Age

The minimum age reported was 16, with the maximum being 35 (as per the upper limit prescribed the definition of youth provided by the South African government). The mean age was 26 (26.38). The age variable was further recoded to reflect different categorisations within the 15-35 age range chosen for the research. Figure 4.1 below reflects this distribution.

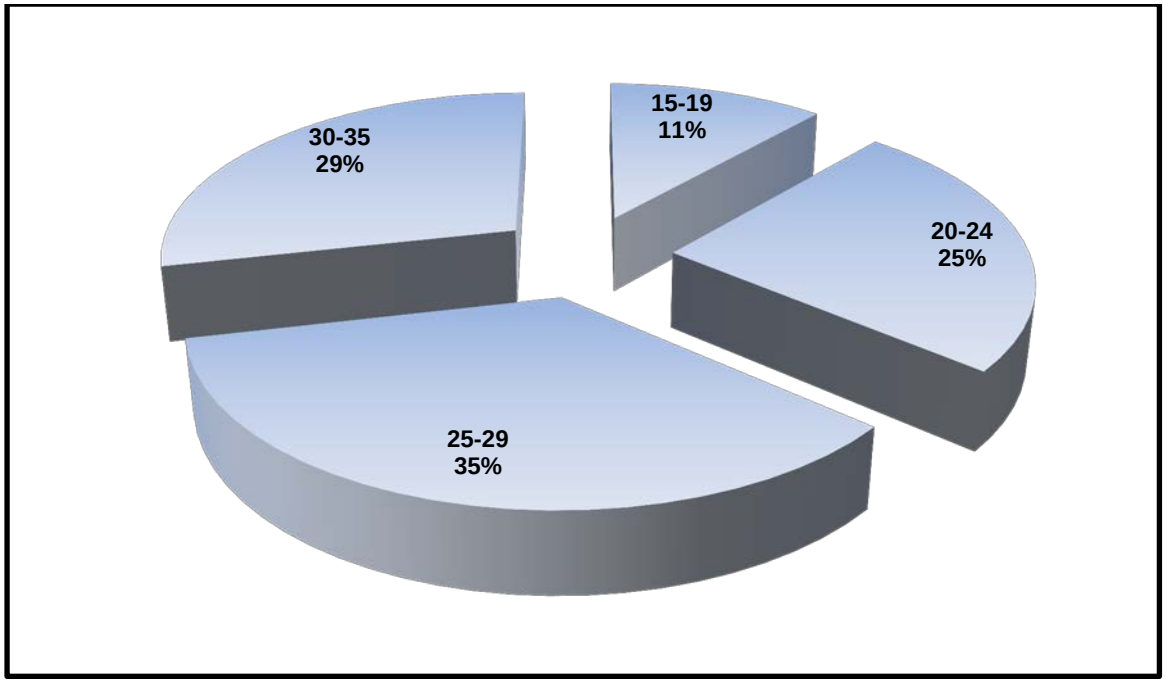


Figure 4.1 – Age profile of the respondents

This distribution of ages interestingly differs slightly from the 2009 baseline study (conducted on the different regions across Johannesburg to the extent that sample in this study is marginally younger (Tamilika consulting services, 2009). The age categories, 20-24 and 25-29 have similar age distributions (with the 2009 baseline study reflecting a 23% and 34% distribution accordingly). The age category of 15-19 now accounts for 7% more of the age distribution than the 2009 study (4%), whilst the age category 30-35% accounts for 10% less than the 2009 study (39%). This possibly represents the difficulties experienced by learners exiting grade 12 in finding employment as well as progressing to tertiary studies. At the same time, decreases in the upper age category points to possible churn between the informal and formal economies, as individuals secure alternative employment opportunities.

4.2.2 Gender

Of the respondents, 43% were female and 57% male. This is more or less in keeping with the 2009 baseline study in which 46% of the respondent were female and 54% male. Either way, this invalidates the common perception that there is an overrepresentation of women in the informal economy (cf Rogerson, 1996).

Table 4.1 provides a cross-tabulation of age and gender. A Chi-square analysis showed no relationship between the two at the 5% level ($X^2 = 6.967$; $p = 0.073$).

Table 4.1 – Cross-tabulation of age and gender

		Gender		Total
		Female	Male	
Age	15 to 19	8%	14%	12%
	20 to 24	26%	23%	24%
	25 to 29	40%	32%	35%
	30 to 34	26%	31%	29%
Total		100%	100%	100%

Distributions are largely similar, with a higher representation of males in the 15-19 age category, as compared to a higher representation of females in the 25-29 age category.

4.2.3 Education

Figure 4.2 illustrates the reported level of education of the respondents.

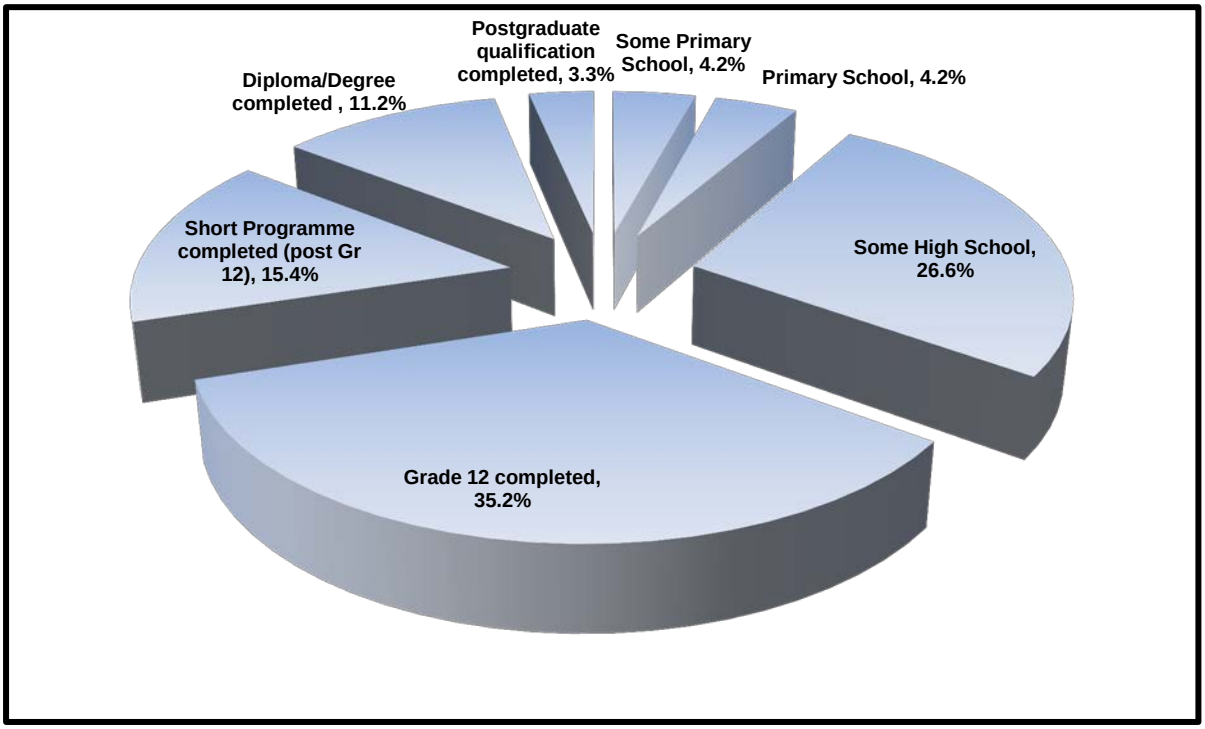


Figure 4.2 – Reported levels of education

In reflecting on Figure 4.2, 35% of respondents had only a basic education, having completed some primary school education (4.2%), completed primary school (4.2%) or completed some high school (26.6%). An equal number, however had completed high school with a surprising 30% of the sample reporting some sort of post grade 12 (tertiary) qualification. This suggests that levels of human capital amongst informal participants are higher than expected, as the 2009 baseline study initially reported (with an average of 52% of traders reporting a primary school level education in this instance). Admittedly, self-reporting bias might have ensured that respondents misrepresented their position. However, this notwithstanding, a slower than

anticipated growth rate in the South African economy coupled with fewer available jobs in the formal sector might simply mean that individuals exiting the education system with a tertiary qualification are unable to find work. It may simultaneously indicate a more sophisticated informal entrepreneur (see Snyder, 2004). This suggests that the informal economy is not necessarily a space of last resort, but, indeed, might be more reflective of greater agency on the part of different economic actors (see Langevang et al., 2012).

A cross-tabulation between gender and level of education reflects the following:

Table 4.2 – Cross-tabulation of the level of education and gender

		Education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Gender	Female	47%	44%	39%	43%
	Male	53%	56%	61%	57%
Total		100%	100%	100%	100%

Male entrepreneurs were on average better educated than their female counterparts. This finding is somewhat surprising given that females tend to marginally outperform their male counterparts at both the secondary and the tertiary levels. A potential explanation for this is that better educated young black women might receive preferential treatment under Employment Equity legislation, which promotes the employment of previously disadvantaged individuals. A Chi-square analysis showed no relationship between the two variables at both the 5% and 10% levels (X^2 = 1.432; p = 0.489).

A further cross-tabulation between age and level of education was carried out (see table 4.3 below).

Table 4.3 – Cross-tabulation of age and the level of education

		Education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Age	15 to 19	5%	19%	2%	12%
	20 to 24	13%	24%	27%	24%
	25 to 29	37%	34%	35%	35%
	30 to 35	45%	23%	36%	29%
Total		100%	100%	100%	100%

Interesting patterns emerged from this particular cross-tabulation. For the 15-19 age group, secondary level education proved to be the most common form of education, whilst 20-24 years olds indicated a tendency towards tertiary education. For the age group 25-29, there was a fairly even spread of attainment across all three levels of education. The age group, 30-35, however, proved to be the most intriguing. Most individuals in this category indicated that they only had an education at the primary level.

Nevertheless, a significant portion also indicated that they had completed tertiary education. Again, two possible reasons could be postulated for this. Either skilled individuals have been displaced from the formal sector due to job attrition, or indeed, they choose to run a business in the informal economy. Conventional theory suggests the former (see Cassim, 1982). However, as researchers unpack the entrepreneurial intent of informal entrepreneurs, so the potential for the latter supposition is increasingly possible. A Chi-square analysis between age and

education reveals a highly significant relationship ($X^2 = 33.965$; $p<0.001$), suggesting a strong relationship between the variables such that level of education varies according to age.

4.2.4 Language and ethnicity

Because this study is premised on culture and values, determining the ethnicity of the respondents was deemed to be important. To this end, questions were asked pertaining to the language spoken by the respondent as well as the ethnicity they most identified with. Figure 4.3 reflects the respective frequency distributions.

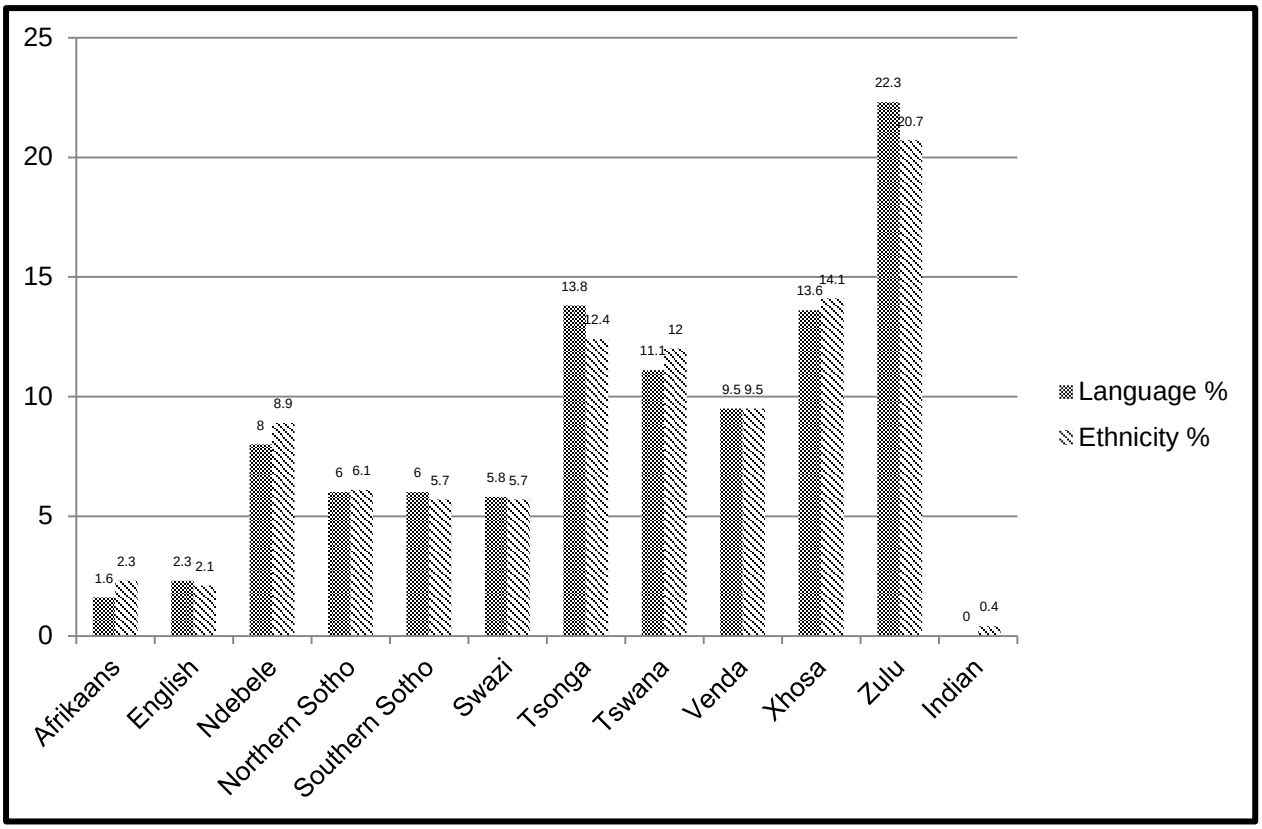


Figure 4.3 – Distribution of age and ethnicity[12]

[12] One respondent indicated that he was of Indian decent. However, no Indian dialects such as Guajarati, Hindi or Arabic were reported as the home language.

Of the different languages and ethnicities amongst young black entrepreneurs in Johannesburg's informal economy, Zulu proved to be the most common, with English, Afrikaans, and Indian, unsurprisingly, proving to be less so. A correlation analysis showed that home language was significantly correlated to ethnicity at the 5% and 1% levels (Pearson's r = 0.869; p<0.001), suggesting that language was an accurate signifier of a particular ethnicity that a respondent most identified with.

4.2.5 Sources of finance

Figure 4.4 reflects the different sources of finance that entrepreneurs in the sample relied upon to start their business.

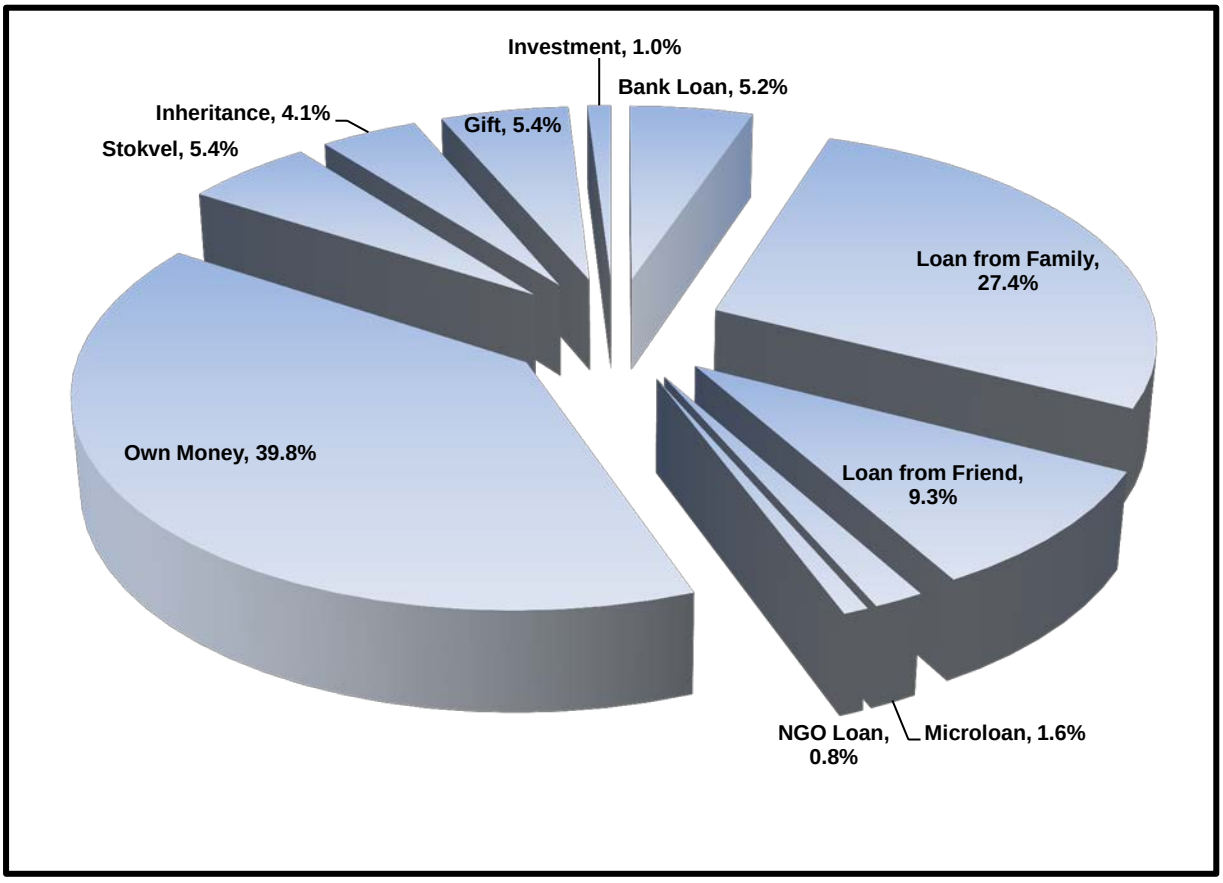


Figure 4.4 – Sources of finance

Not surprisingly, the 'friendlier' sources of finance most attributable to the bootstrapping of the venture were most common. Own money (39.8%) together with loans from friends (9.3%) and family (27.4%) accounted for 76.5% of all sources of finance. This might be illustrative of the fact that traditionally, access to finance has been considered problematic for entrepreneurs in the informal economy, notwithstanding the fact that capital requirements might often justify more extensive debt financing amongst informal entrepreneurs (Schraader et al., 2010). However, lack of access to capital in formal institutions is predicated on a particular perceptual risk profile. This is characterised by the lack of collateral, the inability to service a loan, high administrative costs as well as particular language and cultural barriers (Mason and Stark, 2004; Schoombee, 2000).

The least popular source of finance for the respondents was loans from non-governmental organisations (NGOs). This might be an implicit acknowledgement of the inefficiencies of this particular sector in providing finance due to lack of capacity (Baumann, 2004; Nissanke, 2001). At the same time, little support was found for microfinancing, with only a slim 1.6% of the respondents accessing this particular source of finance. As Nissanke (2001) suggests, most microfinance programmes have had limited impact largely because of high administrative costs but also due to their insensitivity to the changing demands of growing enterprises.

Three different cross-tabulations comparing gender, age and level of education to sources of finance were performed. These are reflected below:

Table 4.4 – Cross-tabulation of gender and source of finance

		Gender		Total
		Female	Male	
Source of Finance	Bank Loan	7%	4%	5%
	Loan from Family	29%	26%	28%
	Loan from Friend	9%	10%	9%
	Microloan	2%	1%	2%
	NGO Loan	1%	1%	1%
	Own Money	34%	44%	40%
	Stokvel	9%	3%	54%
	Inheritance	3%	4%	4%
	Gift	6%	5%	5%
	Investment	0%	2%	1%
Total		100%	100%	100%

The results of the cross-tabulation between gender and sources of finance reveal a gendered preference for certain sources of finance. Males tended to opt for their own money to a greater degree while stokvels (or rotational lending schemes) were preferred by females. This preference for stokvels amongst female entrepreneurs, is supported by Verhoef (2001) who asserts, that, historically, black African women, because of traditional kinship relationships, were excluded from owning property and from generating cash income, and as such, formed rotational lending schemes to fund informal economic activity.

In considering the relationship between age and sources of finance, the cross-tabulation in Table 4.5 bears consideration:

Table 4.5 – Cross-tabulation of age and source of finance

		Age				Total
		15 to 19	20 to 24	25 to 29	30 to 35	
Source of Finance	Bank Loan	2%	3%	7%	6%	5%
	Loan from Family	45%	28%	23%	26%	28%
	Loan from Friend	14%	11%	7%	9%	9%
	Microloan	2%	2%	2%	1%	2%
	NGO Loan	0%	0%	0%	3%	1%
	Own Money	30%	39%	42%	39%	39%
	Stokvel	2%	2%	9%	6%	5%
	Inheritance	0%	2%	5%	7%	4%
	Gift	5%	12%	5%	1%	5%
	Investment	0%	1%	1%	1%	1%
Total		100%	100%	100%	100%	100%

Not surprisingly, the age group of 15-19 relied most heavily on family as a source of finance, arguably because of proximity from a life-stage perspective. What was particularly intriguing, however, was the stronger preference of the 25-29 age category for finance from a stokvel. This might be indicative of a higher exclusion rate in this age group from formal financing institutions (given their proclivity to source bank loans too). Finally, of interest was the propensity of the 20-24 age group to accept gifts as a form of finance. No clear explanation is posited for this behaviour.

The third cross-tabulation between level of education and source of finance is reflected below:

Table 4.6 – Cross-tabulation of sources of finance and the level of education

		Level of Education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Source of Finance	Bank Loan	5%	4%	10%	7%
	Loan from Family	45%	29%	21%	28%
	Loan from Friend	8%	10%	10%	10%
	Microloan	0%	1%	3%	2%
	NGO Loan	0%	7%	1%	1%
	Own Money	34%	42%	34%	39%
	Stokvel	5%	8%	5%	5%
	Inheritance	3%	2%	9%	4%
	Gift	0%	4%	7%	5%
	Investment	0%	1%	1%	1%
Total		**100%**	**100%**	**100%**	**100%**

Not surprisingly, most individuals with a primary school level of education, and thus, arguably the most vulnerable of the informal entrepreneurs, relied most heavily on their family for financial support. Individuals with a secondary and tertiary level education tended to rely on their own money when starting their business. In both instances, recent exclusion from the formal financial sector might account for this, the higher level of education in the latter category notwithstanding.

4.2.6 Product or services

A salient feature of most, if not all, informal economies is the sheer diversity of members in terms of product and service offerings (Venter, 2012; Wills, 2009). This was no different in this study. Over 50 different products and services were found to be offered by the respondents. These were grouped into six categories described in Table 4.7.

Table 4.7 – Product and service offerings

Product/service category	Composite products/services
Fresh Produce	Fruit and vegetables, dried fruit, flowers, meat (including livestock).
Fast Moving Consumer Goods (FMCG)	Spaza shops, tuckshops, kiosks (cigarettes and sweets), liquor, ice, non-traditional medicines and supplements, baby products and wholesale.
Technology	Cellular phones and airtime, public phones, electronic goods and repairs, internet cafés, office support (including faxing and photocopying).
Cooked Foods	Fast food, catering and restaurants.
Hairdressing	Hairdressing salons and products, as well as barbers.
Clothing and Accessories	New and second hand clothing, beauty products, shoes and repairs, belts, jewellery as well as piercings.
Traditional Medicine and Products	Traditional healers, remedies, clothing, food, beadwork and pottery.
Specialised Products and Services[13]	Saddles, photography, pesticides, car related products and services (including sound, security, parts and repairs), sketch artists, building and garden services, property rentals, dance classes, décor, educational services (including day-care, tutoring and educational supplies), Tupperware sales, CD/DVD hire and sales, newspaper stands, second hand books and posters.

[13] Here, because of their infrequency, associated products and services did not warrant their own individual categories

Figure 4.5 reflects the distribution of the different categories detailed in Table 4.7.

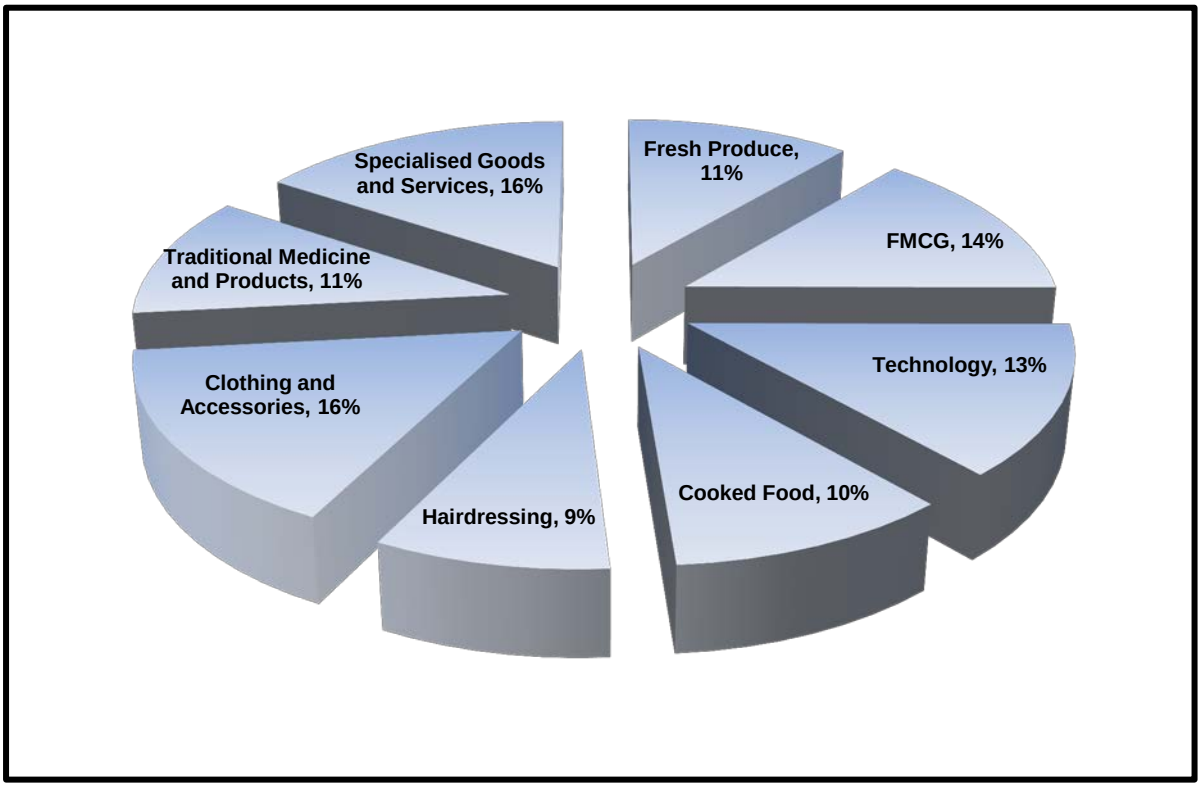


Figure 4.5 – Distribution of products and services

As can be seen, no one single category tended to dominate other than, perhaps clothing and accessories, which accounted for as many responses as the whole of specialised products and services. Three different cross-tabulations were performed to further interrogate the data. In the first of these, reflected in Table 4.8, the relationship between gender and product/service offering is explored.

Table 4.8 – Cross-tabulation of gender and product/service offering

		Gender		Total
		Female	Male	
Product/Service Offering	Fresh Produce	12%	11%	11%
	FMCG	13%	14%	14%
	Technology	12%	15%	14%
	Cooked Food	12%	9%	10%
	Hairdressing	14%	5%	9%
	Clothing and Accessories	16%	15%	16%
	Traditional Medicine and Products	12%	10%	11%
	Specialised Goods and Services	10%	20%	15%
Total		100%	100%	100%

Chi-square analysis indicates a significant relationship between product/service offering and gender (X^2 = 21.369; p<0.01). Young black female entrepreneurs tended to favour hairdressing more than their male counterparts, whilst male entrepreneurs preferred specialised goods and services. Age was similarly cross-tabulated with product/service offering. The results for this are reflected in Table 4.9 below.

Table 4.9 – Cross-tabulation of age and product/service offering

		Age				Total
		15 to 19	20 to 24	25 to 29	30 to 35	
Product/Service Offering	Fresh Produce	7%	12%	9%	14%	11%
	FMCG	11%	15%	15%	12%	13%
	Technology	26%	16%	13%	7%	13%
	Cooked Food	7%	7%	12%	12%	10%
	Hairdressing	6%	11%	8%	7%	8%
	Clothing and Accessories	19%	16%	20%	10%	16%
	Traditional Medicine and Products	7%	6%	10%	19%	11%
	Specialised Goods and Services	17%	17%	13%	18%	16%
Total		100%	100%	100%	100%	100%

Chi-square analysis shows a significant relationship between age and product/service category suggesting that the product/service, around which the enterprise is based, varies according to age (X^2 = 35.100; $p<0.05$). Not surprisingly, the age category 15-19 was most heavily involved in technologically based enterprises compared to other age groups. At the same time, the age category 30-35, at the upper end of the age categorisation, was comparatively most involved in traditional medicine and products.

Table 4.10 reflects the cross-tabulation between product/service offering and level of education. Of particular interest is the relationship between primary school education and traditional medicine/products. This might simply be indicative of the fact that traditional healing, particularly, is highly dependent on indigenous knowledge which is generationally transferred, and less so on formal education which has a western bias (see WHO, 2008). Arguably, then, less emphasis is placed on formal education by healers.

Table 4.10 – Cross-tabulation of the level of education and product/service offering

		Level of Education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Product/Service Offering	Fresh Produce	14%	13%	9%	12%
	FMCG	3%	14%	16%	14%
	Technology	14%	13%	15%	14%
	Cooked Food	11%	11%	10%	11%
	Hairdressing	3%	9%	9%	9%
	Clothing and Accessories	20%	15%	17%	16%
	Traditional Medicine and Products	26%	11%	7%	11%
	Specialised Goods and Services	9%	14%	18%	15%
Total		100%	100%	100%	100%

4.2.7 Describing respondents' businesses

A number of questions related to the business operation itself. The first of these concerned the number of years the business had been in operation. Of the respondents, 33% had been in business for less than a year, 51% for 1-5 years, and 16% for more than 5 years. Table 4.11 reflects the results of a cross-tabulation between age of the respondents and the number of years they had run their business for.

Table 4.11 – Cross tabulation of age and the amount of time in business

		Age				Total
		15 to 19	20 to 24	25 to 29	30 to 35	
Amount of time in business	Less than 1 Year	69%	53%	20%	15%	33%
	1-5 Years	31%	44%	68%	46%	51%
	More than 5 Years	0%	3%	12%	39%	16%
Total		100%	100%	100%	100%	100%

A Chi-square analysis (X^2 = 135.272; $p<0.001$) demonstrates a highly significant relationship between age and amount of time in business, such that the number of years a respondent has been in operation for varies according to his/her age. Not surprisingly, the age group 15-19 has mostly been in business for less than 1 year. The age group 25-29 demonstrates a far higher propensity to be in business for between 1-5 years. Finally, the age group 30-35 comparatively demonstrates the greatest business longevity across age groups with relatively more respondents indicating they had been in business for more than 5 years. This might be attributed to more business experience overall.

The Chi-square analysis (X^2 = 7.89; p<0.05) between gender and amount of time business is also significant. Table 4.12 reflects the cross-tabulation between the variables.

Table 4.12 – Cross-tabulation between gender and the amount of time in business

		Gender		Total
		Female	Male	
Amount of time in business	Less than 1 Year	38%	28%	32%
	1-5 Years	44%	57%	51%
	More than 5 Years	18%	15%	16%
Total		`100%	100%	100%

Overall, young black male entrepreneurs tended to demonstrate greater longevity in their businesses with 72% of male respondents indicating that they had been in business for over a year (compared to 62% of female respondents).

Table 4.13 reflects the cross-tabulation between level of education and amount of time in business.

Table 4.13 – Cross-tabulation between the level of education and amount of time in business

		Level of education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Amount of time in business	Less than 1 Year	22%	37%	26%	33%
	1-5 Years	40%	48%	59%	50%
	More than 5 Years	38%	15%	15%	17%
Total		100%	100%	100%	100%

A Chi-square analysis demonstrates significant relationship (X^2 = 17.861, $p<0.05$), suggesting that amount of time in business varies according to level of education. Perhaps most intriguing in reflecting on Table 4.13, is that more people with a primary school education indicated that they had been in business for more than 5 years than other age groups. This reinforces the vulnerability of this group to the extent that perhaps running a business in the informal economy remains their only choice.

Table 4.14 details the cross-tabulation between the length of time that the respondents had run their businesses for, and the nature of the product or service they sold. A Chi-square analysis indicates a significant relationship between these variables (X^2 = 33.202, $p< 0.05$). This indicates that the length of time a business runs for is potentially impacted by the type of product or service offered. Of interest in Table 4.13 is the fact that traditional products and services are most strongly associated with business stability, indicating an established market for cultural goods and services (see Firkin, 2003). Specialised goods and services enjoy a fairly consistent distribution across the length of time a business has been running for, reinforcing the heterogeneous nature of the informal economy.

Table 4.14 – Cross-tabulation between product and service offering and the amount of time in business

		Amount of Time in Business			Total
		Less than 1 Year	1-5 Years	More than 5 Years	
Product/service offering	Fresh Produce	8%	11%	16%	11%
	FMCG	14%	14%	8%	13%
	Technology	14%	15%	8%	14%
	Cooked Food	9%	10%	16%	11%
	Hairdressing	11%	8%	6%	8%
	Clothing and Accessories	19%	16%	10%	16%
	Traditional Medicine and Products	11%	7%	25%	11%
	Specialised Goods and Services	14%	19%	11%	16%
Total		100%	100%	100%	100%

Respondents were additionally asked as to whether they had previously run businesses. While 63% indicated that their current business was indeed their first business, a not insignificant 37% suggested that they had run previous businesses. Of these respondents, 42% indicated one previous business, while 32% listed two previous businesses.

When asked how many individuals they employed, 52% of respondents reported that they had no employees, whilst 48% suggested that they employed one or more employees. Of the latter, 47% indicated that they only had one and 53% indicated they employed more than one employee). Respondents were further asked to state the number of full- and part-time employees, as well as how many family members they employed. Of those who indicated that they employed full time employees, 58% suggested that they only employed one full time member of staff, while 42% suggested that they employed two or more employees.

While these levels of employment might be seen to be low for opportunity-driven entrepreneurs, who are considered 'high growth' (cf Delmar, Davidsson and Gartner, 2003), they nonetheless point to an entrepreneurial propensity in an economic space in which actors are often considered survivalist. For instance, the classification of SMMEs provided by the National Small Business Act 102 of 1996[14], helps in the estimation of the relative size of the venture by means of discerning the number of full time employees. The vast majority of respondents (98%), who indicated they employed others, suggested that they had five or fewer employees. Thus, not surprisingly, this indicates that the micro-enterprise is the dominant venture form. The remaining 2% of respondents employed more than five but fewer than 20 employees, indicating either a very small or small enterprise accordingly to the nature of the industry. Here, an important distinction should be made between survivalist enterprises and micro enterprises. The former includes businesses operated by one individual, with little entrepreneurial potential, whilst the latter consists of 1-5 individuals (including the lead entrepreneur) with some growth/entrepreneurial potential (Rogerson, 2000).

Moreover, only 24% and 20% of respondents claimed to employ part-time employees and family members respectively. In both instances the majority of these respondents suggested they only employed one such employee (73% and 83% respectively).

[14] The National Small Business Act uses either the number of employees, annual turnover, and total gross asset value to categorise SMMEs by industry. Using the upper limits, a medium enterprise has 51-200 employees, a small enterprise, 21-50 employees, a small enterprise, 6-20 employees, and micro enterprise, 1-5 employees.

Finally, turnover served as an important indicator of performance. The different indicators of central tendency as well as dispersion are reflected in Rands in Table 4.15 below:

Table 4.15 – Distribution and dispersion of reported turnover

N	**Valid**	431
	Missing	72
Mean		8760.03
Median		6000.00
Mode		3000
Range		84800
Minimum		200
Maximum		85000

Two immediate observations can be made on the basis of data depicted in Table 4.15. The first is that a number of respondents (n = 72) failed to report their turnover. The second is that, given the incredible range, a potential tendency to over- and, indeed, under-report might be discerned. Both of these tendencies indicate a potential reporting bias such that the entrepreneur might seek to over- or under-represent his/her position. This may be attempted in order to potentially appear more legitimate or perhaps to escape perceived attention from authorities despite assurances of anonymity. Here, reporting bias might impact the 'informativeness' of the collected data pertaining to the financial position of the business accordingly (see for instance Fischer and Verrechia, 2000).

Nonetheless, in order to generate meaningful results from the turnover variable, it was recoded into two categories around the mean (that is, respondents' reported turnover falling above and below the mean). Here, 66% of the respondents reported having a turnover lower than the mean, while 34% reported a higher turnover.

Various cross-tabulations reflecting the relationship between age, gender, level of education, product sold and time in business were then performed.

The cross-tabulation between age and turnover is reflected in Table 4.16 below. A Chi-square analysis between age and turnover indicates a highly significant relationship (X^2 = 65.465, p<0.001), such that turnover varies according to age. What is interesting to note is that in the age group 15-19, all reported income fell below the mean, while in the age category 30-35, most income fell above the mean. This relates to an observation made earlier around the extent to which business might be more or less established based on the age of the respondent. This might also go the fact that entrepreneurs in the age category 30-35, were found to be more involved in the established market for traditional medicine and products.

Table 4.16 – Cross-tabulation between age and turnover

		Age				Total
		15 to 19	20 to 24	25 to 29	30 to 35	
Monthly Turnover	<8760	100%	80%	63%	42%	66%
	>8760	0%	20%	37%	58%	34%
Total		100%	100%	100%	100%	100%

The cross tabulation between gender and turnover is reflected in table 4.17 below.

Table 4.17 – Cross-tabulation between gender and monthly turnover

		Gender		Total
		Female	Male	
Monthly Turnover	<8760	64%	67%	66%
	>8760	36%	33%	34%
Total		100%	100%	100%

A Chi-square analysis reflected no significant relationship (X^2 = 0.391, p = 0.532), suggesting that turnover is not dependent on gender. This is apparent in considering Table 4.17 given the even distribution of turnover across gender. This might be reflective of the fact that motives for running a business tend not to differ between men and women (Mitchell, 2004).

Table 4.18 reflects the cross-tabulation between level of education and turnover.

Table 4.18 – Cross-tabulation between the level of education and monthly turnover

		Level of Education			Total
		Primary Level Education	Secondary Level Education	Tertiary Level Education	
Monthly Turnover	<8760	57%	74%	50%	65%
	>8760	43%	26%	50%	35%
Total		100%	100%	100%	100%

A Chi-square analysis indicates a highly significant relationship (X^2 = 21.811, p<0.001), suggesting that monthly turnover is related to level of education, and varies accordingly. In considering Table 4.18, what is apparent is the marked difference between turnover and level of education at the secondary level. This is potentially indicative of the fact that individuals with secondary-school level of education tend to prefer working for wages in a formal employment setting (Venter et al., 2008). This, turn, suggests entrepreneurial intent and propensity might be lower amongst such individuals, which might be reflected through lower levels of entrepreneurial performance of their businesses.

The cross-tabulation between type of product/service and monthly turnover is reflected in Table 4.19 below.

Table 4.19 – Cross-tabulation between product/service offering and monthly turnover

		Monthly Turnover		Total
		<8760	>8760	
Product/Service Offering	Fresh Produce	13%	10%	12%
	FMCG	17%	11%	15%
	Technology	15%	9%	13%
	Cooked Food	10%	14%	11%
	Hairdressing	10%	6%	9%
	Clothing and Accessories	12%	19%	15%
	Traditional Medicine and Products	9%	14%	10%
	Specialised Goods and Services	14%	17%	15%
Total		100%	100%	100%

A Chi-square analysis indicates a significant relationship between product/service offering ($X^2 = 15.234$, $p<0.05$), such that monthly turnover varies according to what is offered/sold. In this instance, what is interesting to note is the high turnover associated with traditional medicine and products as well as with clothing and accessories. By contrast, technological products and services are more strongly associated with a lower income. This might be attributable to lower margins associated with the sale of airtime, which tends to dominate this category (see Aker and Mbiti, 2010).

The final cross tabulated relationship to be considered is between number of years the business has been running for and the monthly turnover. This is reflected in Table 4.20 below.

Table 4.20 – Cross-tabulation between monthly turnover and the amount of time in business

		Amount of Time in Business			Total
		Less than 1 Year	1-5 Years	More than 5 Years	
Monthly Turnover	<8760	81%	61%	52%	66%
	>8760	19%	39%	48%	34%
Total		100%	100%	100%	100%

Chi-square analysis indicates a significant relationship between monthly turnover and the amount of time in business, such that turnover is related to and varies with the number of years that young black entrepreneurs have been operating their business. Not surprisingly, businesses that have been running for less than a year have a turnover below the mean. Businesses that have been running for more than 5 years have levels of turnover which are approximately the same.

4.3 An overview of the scales

In the previous section, the sample was described. Relationships between variables were particularly considered using Chi-square analysis, and where pertinent, linked to and discussed with reference to extant literature. In this section, a consideration of the different scales will be provided using descriptive analysis.

4.3.1 Scale items relating to entrepreneurial identity aspiration

Tables 4.21 and 4.22 below reflect descriptive statistics relevant to the scales pertaining to identity aspiration.

Table 4.21 – Scale item frequencies for the entrepreneurial identity construct

Scale items	Frequency of responses (%)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
2.1 I often think of running my business in the formal economy	35.5	36.9	17.8	5.8	4.0	100
2.2 I would like to think of myself as an entrepreneur who is driven by identifying and pursuing opportunities	43.5	43.7	10.6	1.4	0.8	100
2.3 Becoming a successful entrepreneur would be an important part of who I am	48.4	36.1	12.2	2.2	1.2	100
2.4 It is important for me to express my entrepreneurial ambitions	44.7	33.9	15.4	4.8	1.2	100
2.5 When I think about it, the term 'entrepreneur' fits me pretty well	48.0	33.2	13.4	3.2	2.2	100
2.6 I would like to think that I'm just like successful entrepreneurs such as Patrice Matsepe	19.7	23.2	24.5	16.7	15.9	100
2.7 Becoming a successful entrepreneur will enable me to attain adult status in my community	39.2	34.9	17.5	6.4	2.0	100

What is evident from Table 4.21 is that, for the most part, respondents affirmed an entrepreneurial identity with an average of 74.4% of respondents indicating that they either 'agreed' or 'strongly agreed' with the statements.

Mean scores were fairly evenly distributed with a standard deviation of 0.771 for Question 2.2 indicating greatest agreement[15] amongst respondents. This is an important finding given that entrepreneurs in the informal economy are most commonly perceived to be driven by necessity. Responses to Question 2.2, however, suggest that entrepreneurs in the sample overwhelmingly perceive themselves to be opportunity-driven. Other than Question 2.6, the distribution is positively skewed with a positive kurtosis, indicating a leptokurtic distribution (such

[15] This is by virtue of the fact that the standard deviation is relatively small compared to the mean, thus suggesting that responses were consistently close to the mean.

that more scores reside in the tails of the distribution). Regarding Question 2.6, the negative kurtosis indicates a platykurtic distribution as such scores are more centrally distributed, with fewer scores in the tails. This is not surprising given the frequency distribution of scale items considered in Table 4.21. However, no claims can be made of a normal distribution accordingly.

Table 4.22 – Descriptive statistics for entrepreneurial identity scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
2.1 I often think of running my business in the formal economy	2.06	1.060	0.988	0.522
2.2 I would like to think of myself as an entrepreneur who is driven by identifying and pursuing opportunities	1.72	0.771	1.127	1.880
2.3 Becoming a successful entrepreneur would be an important part of who I am	1.72	0.850	1.262	1.731
2.4 It is important for me to express my entrepreneurial ambitions	1.84	0.936	1.033	0.609
2.5 When I think about it, the term 'entrepreneur' fits me pretty well	1.78	0.946	1.298	1.538
2.6 I would like to think that I'm just like successful entrepreneurs such as Patrice Matsepe	2.86	1.343	0.167	-1.120
2.7 Becoming a successful entrepreneur will enable me to attain adult status in my community	1.97	1.003	0.922	0.314

4.3.2 Scale items relating to entrepreneurial capital

Tables 4.23 and 4.24 below reflect descriptive statistics relevant to the scales pertaining to attainment of different entrepreneurial capitals (including financial, social and human).

Table 4.23 – Scale item frequencies for the entrepreneurial capitals construct

Scale items	Frequency of responses (%)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
3.1 It is easy for new and growing businesses in the informal economy to get a loan from a bank	3.8	6.0	6.8	26.6	56.8	100
3.2 It is easy to find people who want to invest in new and growing businesses in the informal economy	6.0	12.8	16.0	24.6	40.6	100
3.3 The government makes money readily available to new and growing businesses in the informal economy	3.2	7.8	12.9	26.5	49.6	100
3.4 I often rely on my close friends and family to help me run my business	26.8	34.8	21.4	9.4	7.6	100
3.5 I often rely on people other than my close friends and family to help me run my business	12.0	21.6	26.1	26.9	13.4	100
3.6 I know people with lots of different skills who are willing to help me run my business	10.6	23.8	26.4	21.6	17.6	100
3.7 The education I've received to date has taught me how to be an entrepreneur	20.0	31.6	17.0	14.2	17.2	100
3.8 The education I've received to date has taught me how to grow my business	18.9	27.6	17.1	14.1	22.3	100

Responses to scale items pertaining to different capitals are relatively evenly distributed barring scales pertaining to financial capital (Questions 3.1-3.3), which on average were more negatively skewed (with an average of 75% of respondents answering disagree or strongly disagree). At the same time, in responding to Question 3.4 relating to strong ties in a social network, 62% of respondents either agreed or strongly agreed that they relied on close friends and family.

Table 4.24 – Descriptive statistics for entrepreneurial capital scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
3.1 It is easy for new and growing businesses in the informal economy to get a loan from a bank	4.27	1.072	-1.584	1.776
3.2 It is easy to find people who want to invest in new and growing businesses in the informal economy	3.81	1.259	-0.751	-0.597
3.3 The government makes money readily available to new and growing businesses in the informal economy	4.12	1.101	-1.158	0.476
3.4 I often rely on my close friends and family to help me run my business	2.36	1.189	0.700	-0.318
3.5 I often rely on people other than my close friends and family to help me run my business	3.08	1.225	-0.107	-0.961
3.6 I know people with lots of different skills who are willing to help me run my business	3.12	1.253	-0.010	-1.028
3.7 The education I've received to date has taught me how to be an entrepreneur	2.77	1.378	0.355	-1.143
3.8 The education I've received to date has taught me how to grow my business	2.93	1.437	0.186	-1.330

Mean scores were fairly evenly distributed. The standard deviations of 1.072, 1.101 and 1.189 for Questions 3.1, 3.3 and 3.4 indicate the greatest degree of agreement amongst respondents around the mean. For Questions 3.1 and 3.3, there was general consensus that access to finance was problematic for informal entrepreneurs. This result resonates with commonly held beliefs that informal entrepreneurs are generally excluded from the formal banking sector due to the associated costs and risks inherent for established financial institutions in pro-poor banking (Schoombee, 2000).

With respect to Question 3.4, some consensus is found amongst respondents around the role of social capital. In particular, respondents supported, to some extent, the role of strong ties. Here, shared norms and values provide a greater

sense of community and solidarity. This implies the existence of members who helped each other to cope with risk and vulnerability associated with poverty and creating livelihoods in the informal economy (Brown and Lyon, 2010; Lyons and Snoxell, 2005; Woolcock and Narayan, 2000). The skewness value for Question 3.6 suggests a relatively normal distribution. Nevertheless, the leptokurtic and platykurtic distributions for the different items, based on the observed frequency distributions, tend not to be normal.

4.3.3 Scale items relating to entrepreneurial performance

Tables 4.25 and 4.26 below contain the descriptive statistics relevant to the scales pertaining to entrepreneurial performance. Here, respondents were asked to report their perceived performance relative to their competitors.

In reflecting on Table 4.25, for the most part, respondents suggested that they outperformed their competitors with an average of 64.2% of respondents indicated that they either agreed or strongly agreed with the questions. In reflecting on Table 4.26, there is a fairly evenly distribution of mean scores. The standard deviation of 0.892 for Question 4.9 indicates greatest agreement amongst respondents. This suggests that a profit motive was commonly shared amongst respondents.

Table 4.25 – Scale item frequencies for the entrepreneurial performance construct

Scale items	Frequency of responses (%)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
4.1 Compared to my competitors, I have introduced more new products/services over the past year	22.2	42.7	23.0	6.2	5.8	100
4.2 Compared to my competitors, I have made more changes and improvements to my existing products/services over the past year	20.4	42.8	24.0	8.7	4.0	100
4.3 Over the past year, I have often taken risks in growing my business	21.2	43.8	26.1	6.9	2.0	100
4.4 Over the past year, I have often looked for innovative solutions to problems facing my business	21.1	46.0	24.7	7.0	1.0	100
4.5 Over the past year, I actively engaged in search for big business opportunities	22.7	41.9	21.5	9.9	4.0	100
4.6 In my business, rapid growth this year is my dominant goal	37.6	35.9	17.3	6.8	2.4	100
4.7 Steady growth and stability in my business this year is my primary concern	34.7	38.6	19.1	6.4	1.2	100
4.8 I have managed to create employment for others in my business over the past year	16.2	26.4	17.2	15.6	24.6	100
4.9 Compared to my competitors, my profits have continued to grow over the past year	22.1	41.0	30.4	5.2	1.2	100

Further reflection upon Table 4.26 shows that the standard deviation for Question 4.4 is 0.904, which indicates strong agreement amongst respondents. This was an interesting finding such that it reflected a perceived sense of innovativeness on the part of the respondents who function in a particularly resource-strapped environment. This, coupled with the general sense of risk tolerance exhibited by respondents (as reflected by a standard deviation of 0.933 for Question 2.3) again reinforces an overall entrepreneurial culture in the informal economy, which is conversely assumed to be a haven for survivalist activity (Cassim, 1982; Habib, 2005).

Table 4.26 – Descriptive statistics for entrepreneurial performance scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
4.1 Compared to my competitors, I have introduced more new products/services over the past year	2.31	1.064	0.839	0.361
4.2 Compared to my competitors, I have made more changes and improvements to my existing products/services over the past year	2.33	1.020	0.700	0.138
4.3 Over the past year, I have often taken risks in growing my business	2.25	0.933	0.603	0.207
4.4 Over the past year, I have often looked for innovative solutions to problems facing my business	2.21	0.904	0.630	0.453
4.5 Over the past year, I actively engaged in search for big business opportunities	2.31	1.053	0.708	-0.005
4.6 In my business, rapid growth this year is my dominant goal	2.01	1.020	0.925	0.327
4.7 Steady growth and stability in my business this year is my primary concern	2.01	0.952	0.772	0.100
4.8 I have managed to create employment for others in my business over the past year	3.06	1.432	0.068	-1.367
4.9 Compared to my competitors, my profits have continued to grow over the past year	2.22	0.892	0.404	-0.054

4.3.4 Scale items relating to formalisation

Section five of the questionnaire contained questions relating to the general perceptions around the formalisation of the business. These, together with the questions relating to entrepreneurial performance, go to notions of legitimacy and acceptability. Tables 4.27 and 4.28 reflect the relevant descriptive statistics for the formalisation scales.

Table 4.27 – Scale item frequencies for the formalisation construct

Scale items	Frequency of responses (%)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
5.1 Registration with the South African Revenue Service is an important part of growing my business	34.9	20.8	16.1	9.3	19.0	100
5.2 Getting a loan from a bank is an important part of growing my business	36.1	27.0	18.1	10.9	7.9	100
5.3 It is important that I provide my employees with safe working conditions	51.0	35.6	10.7	2.1	0.6	100
5.4 It is important that I stick to the law when I recruit, select or dismiss any of my employees	27.8	29.5	25.7	10.5	6.5	100
5.5 It is important that I pay my employees a decent wage	48.5	41.6	7.5	2.1	0.2	100
5.6 I work closely with different businesses in the formal economy	21.7	32.0	21.3	14.7	10.3	100
5.7 The majority of my suppliers are located in the formal economy	23.5	33.8	20.3	14.1	8.2	100

In reflecting on the distribution of responses in Table 4.27, what is apparent is that, for the most, respondents tended to support the notion of greater formality. An average of 66% of respondents indicated that they either agreed or strongly agreed with the questions.

Table 4.28 – Descriptive statistics for formalisation scale items

Scale items	Descriptive Statistics			
	Mean	Std Deviation	Skewness	Kurtosis
5.1 Registration with the South African Revenue Service is an important part of growing my business	2.57	1.507	0.482	-1.215
5.2 Getting a loan from a bank is an important part of growing my business	2.27	1.270	0.721	-0.560
5.3 It is important that I provide my employees with safe working conditions	1.66	0.801	1.239	1.580
5.4 It is important that I stick to the law when I recruit, select or dismiss any of my employees	2.38	1.181	0.558	-0.502
5.5 It is important that I pay my employees a decent wage	1.64	0.730	1.134	1.495
5.6 I work closely with different businesses in the formal economy	2.60	1.260	0.446	-0.826
5.7 The majority of my suppliers are located in the formal economy	2.50	1.225	0.529	-0.688

Once again, means were quite evenly distributed, with greatest agreement amongst respondents occurring in relation to the provision of safe working conditions for employees (Question 5.3 – standard deviation of 0.801) and payment of a decent wage (Question 5.5 – standard deviation of 0.730). This is an interesting finding given that respondents did not have the same degree of agreement in relation to compliance with labour legislation (Question 5.4). This might be indicative of a general 'culture of informality' such that any legislated relationship is resisted. At the same time, the sense of fairness around working conditions and pay could be an extension of a growing sense of organisation in the informal economy, such that a collective identity is forged (Meagher, 2010). This potentially extends into the workplace to the extent that informal entrepreneurs are now sensitised to their employees' needs. Action by the state against informal entrepreneurs might add support to this supposition. At the time of writing this thesis, for instance, the City of Johannesburg had embarked on operation 'Clean Sweep' to rid the inner-city of informal traders, ostensibly to address issues of illegality associated with trading, littering, land invasions and the like (Nxumalo, 2013). It is not inconceivable, therefore, that individual entrepreneurs are cognisant of their precarious position and thus have a heightened sense of fairness accordingly. Values for kurtosis were within an acceptable range of -2 and 2, while the distribution tended to be positively skewed.

4.3.5 Scale items relating to values

Scales items 6.1-6.21 related to different values embodied by the entrepreneur. Specifically, values were broken down into typical western (Questions 6.1-6.8) and indigenous values (Questions 6.9-6.21). The guiding assumption was that if

responses generally moved in a unidirectional manner, that the entrepreneur would embody both, and thus be considered to be hybrid in values orientation. The values construct is taken to mediate the relationship between entrepreneurial identity aspiration and entrepreneurial capitals, as well as between entrepreneurial capitals and entrepreneurial legitimacy. Tables 4.29 and 4.30 show the relevant descriptive statistics for the values scales accordingly.

Here, it might be noted that responses to items generally move uni-directionally. An average of 66.4% of respondents indicated that they either strongly agreed or agreed with the questions. What was interesting to note was general concern for the community at large, as reflected in Question 6.5. From a purely individualistic perspective, entrepreneurs might not necessarily be expected to respond altruistically, when asked whether profit-making bothered them relative to the less fortunate others in the community. However, the majority of respondents in the sample indicated that it might well bother them if they made money whilst others remained poor (with 70.5% of respondents either disagreeing or strongly disagreeing with the question as posed).

This is juxtaposed with the more muted responses to Questions 6.9 and 6.10 which specifically and directly addressed needs of and concern for the community. This is potentially either reflective of a culture which places a downward pressure on entrepreneurial success, or a broader sensitisation to issues of poverty as a whole (given the relative levels in South Africa) (Venter et al., 2008).

Table 4.29 – Scale-item frequencies for the values construct

Scale items	Frequency of responses (%)					
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total
6.1 In running my business it is important for me to achieve individual success through my own personal efforts	49.5	39.3	8.2	2.8	0.2	100
6.2 In running my business it is important to be my own boss	58.9	31.5	8.4	0.8	0.4	100
6.3 Making a profit is very important to me	79.4	18.0	2.2	0.2	0.2	100
6.4 In running my business, it is important to take risks	33.2	36.2	23.1	4.6	2.8	100
6.5 It doesn't bother it I make a lot of money even if others in my community remain poor	5.5	6.1	18.0	31.5	39.0	100
6.6 In running my business, it is important to be creative and innovative	35.3	36.3	21.9	5.0	1.4	100
6.7 I don't mind it there are lots of other people who sell the same thing I do	9.8	22.5	28.5	25.5	13.7	100
6.8 I must take responsibility for managing my own life rather than have others do it	60.1	30.9	8.2	0.6	0.2	100
6.9 The needs of the community are more important than my own	9.1	22.1	37.4	22.5	8.9	100
6.10 I am more inclined to place the needs of others (the collective) ahead of mine	8.0	22.8	41.5	20.2	7.4	100
6.11 In my business, it is very important that I get to know my customers on a personal level beyond just selling them something	36.3	40.7	17.8	3.8	1.4	100
6.12 Through running my business, I am able to help people who are in need	24.7	39.2	24.9	8.2	2.8	100
6.13 In running my business, I often extend credit to customers who can't immediately pay	17.3	23.5	18.1	17.3	23.9	100
6.14 I run my business in a way that would please my ancestors	30.2	28.8	25.4	8.5	7.1	100
6.15 My customers are like family to me	25.5	34.0	16.3	15.5	8.8	100
6.16 Talking to my customers about their personal lives is not a waste of time	33.2	44.1	16.1	5.0	1.6	100
6.17 I value business advice from my elders	31.9	32.9	22.8	12.1	0.4	100
6.18 I take special care of customers who are my elders	40.6	41.4	16.8	1.2	0	100
6.19 Hard work is important to my success	60.2	33.2	6.2	0.4	0	100
6.20 My employees' wellbeing is important to me	44.4	42.3	11.6	1.5	0.2	100
6.21 I take my employees' opinions into account when I make decisions impacting my business	38.9	36.2	19.3	4.0	1.7	100

Table 4.30 – Descriptive statistics for values scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
6.1 In running my business it is important for me to achieve individual success through my own personal efforts	1.65	0.765	1.176	1.349
6.2 In running my business it is important to be my own boss	1.52	0.718	1.392	2.137
6.3 Making a profit is very important to me	1.24	0.512	2.537	8.697
6.4 In running my business, it is important to take risks	2.08	0.999	0.808	0.347
6.5 It doesn't bother it I make a lot of money even if others in my community remain poor	3.93	1.140	-0.988	0.269
6.6 In running my business, it is important to be creative and innovative	2.01	0.949	0.735	0.095
6.7 I don't mind it there are lots of other people who sell the same thing I do	3.11	1.188	-0.069	-0.883
6.8 I must take responsibility for managing my own life rather than have others do it	1.50	0.689	1.295	1.514
6.9 The needs of the community are more important than my own	3.00	1.081	-0.010	-0.546
6.10 I am more inclined to place the needs of others (the collective) ahead of mine	2.96	1.024	0.043	-0.346
6.11 In my business, it is very important that I get to know my customers on a personal level beyond just selling them something	1.93	0.904	0.901	0.690
6.12 Through running my business, I am able to help people who are in need	2.25	1.010	0.625	-0.026
6.13 In running my business, I often extend credit to customers who can't immediately pay	3.07	1.433	0.012	-1.353
6.14 I run my business in a way that would please my ancestors	2.33	1.193	0.641	-0.395
6.15 My customers are like family to me	2.48	1.264	0.549	-0.789
6.16 Talking to my customers about their personal lives is not a waste of time	1.98	0.917	0.943	0.807
6.17 I value business advice from my elders	2.16	1.021	0.447	-0.839
6.18 I take special care of customers who are my elders	1.79	0.761	0.546	-0.555
6.19 Hard work is important to my success	1.47	0.631	1.107	0.577
6.20 My employees' wellbeing is important to me	1.71	0.743	0.866	0.583
6.21 I take my employees' opinions into account when I make decisions impacting my business	1.93	0.942	0.899	0.509

When considering, Table 4.29, there is fairly even distribution of mean scores, with the greatest agreement amongst respondents occurring in Question 6.3 (standard deviation of 0.512). Thus, again, much like the performance scale, a profit motive was shared by respondents. Yet, as suggested above, it was felt that profit should not be gained at the expense of others less fortunate in the community. Issues of independence, and self-actualisation also appeared to be important to respondents, with standard deviations of 0.765 and 0.718 for Questions 6.1 and 6.2, respectively.

Table 30 indicates that scales relating to indigenous (Afrocentric) values, hard work (Question 6.19), as well as care for employee (Question 6.20) and elders (Question 6.18) seemed to enjoy greatest level of agreement amongst respondents with standard deviations of 0.631, 0.743 and 0.761 respectively. From an entrepreneurial perspective little research around the role of Afrocentric values exists. However, more broadly, the role of indigenous values in entrepreneurship has been increasingly acknowledged (Dana, 1995).

Skewness and kurtosis values are mostly acceptable. Responses to Question 6.3 proved the exception. Here the skewness value of 2.537 and the kurtosis value of 8.697 fall outside acceptable limits. However, in reflecting on frequencies for scale items, it was observed that an overwhelming 97% of respondents either agreed or strongly agreed with the question.

4.3.6 Scale items relating to Entrepreneurial Self-Efficacy (ESE)

Scale items 7.1-7.6 serve to measure respondents' ESE. This construct is the first of the moderating variables described in Chapter Two as part of the hypothesised conceptual framework. Tables 4.31 and 4.32 reflect the relevant descriptive statistics for the scale items accordingly.

Table 4.31 – Scale item frequencies for the ESE construct

	Frequency of responses (%)					
Scale items	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Total**
7.1 Compared to other people that run businesses like my own, I am better able to solve problems	25.7	47.1	23.8	3.0	0.4	100
7.2 I am better at managing money when compared to others that run businesses similar to mine	28.1	47.5	21.6	2.6	0.2	100
7.3 I am more creative than others that run businesses similar to mine	29.1	49.2	17.0	3.8	0.8	100
7.4 Compared to other people that run businesses like my own, I am better at getting people to agree with me	29.8	46.3	21.1	2.4	0.4	100
7.5 I am a better leader than others that run businesses similar to mine	30.6	42.3	23.9	3.0	0.2	100
7.6 I am better at making decisions when compared to other people that run businesses like my own	28.7	47.5	21.8	1.8	0.2	100

In considering the scale items in Table 4.31, it is apparent that respondents have high levels of self-efficacy, and thus, in their self-belief. An average of 75.3% indicates that they either strongly agreed or agreed with the different scale items.

Table 4.32 – Descriptive statistics for ESE scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
7.1 Compared to other people that run businesses like my own, I am better able to solve problems	2.05	0.807	0.435	-0.035
7.2 I am better at managing money when compared to others that run businesses similar to mine	1.99	0.788	0.434	-0.166
7.3 I am more creative than others that run businesses similar to mine	1.98	0.830	0.785	0.755
7.4 Compared to other people that run businesses like my own, I am better at getting people to agree with me	1.97	0.802	0.519	0.045
7.5 I am a better leader than others that run businesses similar to mine	2.00	0.828	0.409	-0.441
7.6 I am better at making decisions when compared to other people that run businesses like my own	1.97	0.772	0.389	-0.236

Mean scores tend to be quite evenly distributed with standard deviations indicating consistent agreement amongst respondents across all items. Nonetheless, the standard deviation of 0.772 for Question 7.6 shows the strongest level of agreement. Such a finding suggests that young black informal entrepreneurs in the sample were most confident in their decision-making abilities. Skewness and kurtosis values were within an acceptable range, with the distribution being slightly platykurtic.

4.3.7 Scale items relating to motives

Tables 4.33 and 4.34 below contain descriptive regarding the scales pertaining to entrepreneurial motives. Like ESE, this construct is taken to moderate relationships between aspiration, capitals and entrepreneurial performance.

Table 4.33 – Scale item frequencies for the motive construct

	Frequency of responses (%)					
Scale items	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	**Total**
8.1 I started my current business because I wanted to make a lot of money	42.1	31.0	18.3	5.8	2.6	100
8.2 I started my current business because I needed to support my family	39.3	36.4	13.8	6.7	3.8	100
8.3 I started my current business to create jobs in my community	15.1	26.5	33.3	15.1	10.0	100
8.4 I started my current business because I wanted to be free to do my own thing	45.0	37.7	12.0	2.9	2.4	100
8.5 I started my current business because I identified an opportunity (need I could fill)	53.1	31.7	11.5	2.8	.8	100
8.6 I started my current business to follow the example of an entrepreneur I admire	24.5	29.8	22.7	13.8	9.3	100
8.7 I started my current business because I couldn't find a proper job (full-time employment)	45.0	22.0	14.7	9.4	9.0	100
8.8 I started my current business because I was retrenched/fired	10.1	11.8	17.8	21.5	38.7	100
8.9 I started my current business because I wanted to fulfil my personal vision of being an entrepreneur	31.3	36.4	22.8	4.0	5.5	100

Most motives seemed to resonate with the respondents, with an average of 63.2% of respondents either agreeing or strongly agreeing with the different items. Being displaced from the workplace seemed to be the least likely reason to start a business (60.2% of respondents either disagreed or strongly disagreed with being dismissed as the reason for starting a business in the informal economy).

Table 4.34 – Descriptive statistics for motive scale items

	Descriptive Statistics			
Scale items	**Mean**	**Std Deviation**	**Skewness**	**Kurtosis**
8.1 I started my current business because I wanted to make a lot of money	1.96	1.037	0.969	0.347
8.2 I started my current business because I needed to support my family	1.99	1.071	1.098	0.648
8.3 I started my current business to create jobs in my community	2.78	1.173	0.236	-0.677
8.4 I started my current business because I wanted to be free to do my own thing	1.80	0.931	1.352	1.934
8.5 I started my current business because I identified an opportunity (need I could fill)	1.66	0.849	1.298	1.495
8.6 I started my current business to follow the example of an entrepreneur I admire	2.54	1.255	0.464	-0.787
8.7 I started my current business because I couldn't find a proper job (full-time employment)	2.15	1.326	0.888	-0.442
8.8 I started my current business because I was retrenched/fired	3.67	1.358	-0.647	-0.835
8.9 I started my current business because I wanted to fulfil my personal vision of being an entrepreneur	2.16	1.082	0.911	0.455

The mean scores are once again fairly evenly distributed with the standard deviations of 0.849 and 0.931 indicating strongest agreement amongst respondents for Questions 8.4 and 8.5 respectively. These findings confirm those of Urban et al. (2011), and suggest, therefore, once again, that entrepreneurs in the sample are not driven to the informal economy out of necessity, but rather perceive of the space as opportunity-rich (Williamson, 2008a).

4.4 Testing the reliability and validity of the scales

Before proceeding with the testing of the different hypotheses, an examination of the reliability and construct validity of the different scale items is provided. Original and adjusted Cronbach's alphas for the different scales are provided before exploratory factor analyses are conducted.

4.4.1 Testing reliability and construct validity

Table 4.35 reports the initial and adjusted alpha scores together with the respective inter-item correlations for the different constructs. Adjusted alpha scores reflect the removal of items with alphas greater than the total alpha, thereby showing the overall reliability of the construct. This happens intuitively because if the deletion of an item increases the alpha score, then its deletion will similarly signal an increase in the overall reliability of the construct (Field, 2009).

Table 4.35 – Cronbach's alphas and inter-item correlation scores

		Before adjustment		After adjustment[16]	
Construct	**Scale Items**	**α if item deleted**	**Corrected-Item Total Correlation**	**α if item deleted**	**Corrected-Item Total Correlation**
Entrepreneurial Identity Aspiration	Q2.1	0.758	0.415	-[17]	-
	Q2.2	0.727	0.599	0.759	0.626
	Q2.3	0.726	0.584	0.745	0.649
	Q2.4	0.718	0.606	0.738	0.660
	Q2.5	0.718	0.611	0.786	0.568
	Q2.6	0.775	0.399	-	-
	Q2.7	0.767	0.360	-	-
Total α		0.770		0.806	
Entrepreneurial Capital	Q3.1	0.684	0.505	0.723	0.413
	Q3.2	0.712	0.345	-[18]	-

[16] Items which have been deleted are replaced by a dash (-). The adjusted scores might account for more than one iteration.
[17] Note that the α following the initial adjustment for Q2.1 was 0.806 with an overall α of 0.796. A second adjustment was performed once the item was removed.
[18] Note that the α following the initial adjustment for Q3.2 was 0.742 with an overall α of 0.739. A second adjustment was performed once the item was removed.

	Q3.3	0.687	0.480	0.722	0.417
	Q3.4	0.702	0.396	0.737	0.361
	Q3.5	0.738	0.205	-	-
	Q3.6	0.671	0.544	0.714	0.451
	Q3.7	0.683	0.483	0.651	0.651
	Q3.8	0.699	0.418	0.672	0.589
Total α		0.725		0.742	
Entrepreneurial	Q4.1	0.798	0.601	0.802	0.623
Performance	Q4.2	0.790	0.674	0.795	0.671
	Q4.3	0.801	0.595	0.806	0.614
	Q4.4	0.798	0.625	0.807	0.606
	Q4.5	0.804	0.555	0.814	0.552
	Q5.6	0.830	0.327	-	-
	Q4.7	0.825	0.353	-[19]	-
	Q4.8	0.808	0.557	0.828	0.535
	Q4.9	0.807	0.537	0.815	0.546
Total α		0.825		0.832	
Formalisation	Q5.1	0.745	0.585	-	-
	Q5.2	0.771	0.451	-	-
	Q5.3	0.769	0.472	-	-
	Q5.4	0.737	0.614	-	-
	Q5.5	0.775	0.432	-	-
	Q5.6	0.742	0.587	-	-
	Q5.7	0.759	0.505	-	-
Total α		0.785		0.785[20]	
Values	Q6.1	0.798	0.372	0.842	0.380
	Q6.2	0.800	0.335	0.844	0.338
	Q6.3	0.809	0.044	-	-
	Q6.4	0.799	0.338	0.845	0.341
	Q6.5	0.811	0.134	-	-
	Q6.6	0.798	0.361	0.839	0.439
	Q6.7	0.813	0.143	-	-
	Q6.8	0.802	0.272	0.845	0.306
	Q6.9	0.811	0.140	-	-
	Q6.10	0.810	0.151	-	-
	Q6.11	0.789	0.537	0.833	0.558
	Q6.12	0.783	0.629	0.828	0.644
	Q6.13	0.786	0.538	0.836	0.543
	Q6.14	0.793	0.445	0.838	0.473
	Q6.15	0.780	0.628	0.825	0.660
	Q6.16	0.796	0.397	0.840	0.430
	Q6.17	0.784	0.599	0.828	0.644
	Q6.18	0.791	0.533	0.836	0.527

[19] Note that the α following the initial adjustment for Q4.7 was 0.832 with an overall α of 0.829. A second adjustment was performed once the item was removed.

[20] Given that none of the individual α scores exceeded 0.785 for the formalisation construct so no adjustment was necessary.

	Q6.19	0.796	0.451	0.841	0.422
	Q6.20	0.799	0.362	0.842	0.390
	Q6.21	0.800	0.322	0.843	0.368
Total α		0.806		0.847	
Entrepreneurial Self-Efficacy	Q7.1	0.867	0.449	-	-
	Q7.2	0.856	0.514	-	-
	Q7.3	0.856	0.485	-	-
	Q7.4	0.866	0.410	-	-
	Q7.5	0.847	0.576	-	-
	Q7.6	0.849	0.586	-	-
Total α		0.878		0.878[21]	
Motive	Q8.1	0.617	0.271	-[22]	-
	Q8.2	0.616	0.278	-[23]	-
	Q8.3	0.578	0.430	0.679	0.393
	Q8.4	0.597	0.373	0.628	0.520
	Q8.5	0.605	0.347	0.663	0.432
	Q8.6	0.581	0.413	0.658	0.449
	Q8.7	0.654	0.148	-	-
	Q8.8	0.631	0.239	-[24]	-
	Q8.9	0.583	0.420	0.621	0.521
Total α		0.635		0.699	

In examining the different α's in Table 4.35, prior to adjustment, all constructs were considered reliable as all had total α's above seven. Adjustments were done, nonetheless, to the scores to increase over reliability despite some scholars advising that this is considered superfluous (see Field, 2009), in order ensure best possible fit of later models.

The final adjusted α of 0.699 for the motive construct places it just outside what is conventionally considered adequately reliable. However, given its relative proximity to 0.7 and the fact that, in exploratory studies such as this, a Cronbach's alpha of 0.5

[21] Given that none of the individual α scores exceeded 0.878 for the formalisation construct so no adjustment was necessary.
[22] Note that the α following the third adjustment for Q8.1 was 0.698 with an overall α of 0.680. A fourth adjustment was performed once the item was removed.
[23] Note that the α following the second adjustment for Q8.2 was 0.681 with an overall α of 0.669. A third adjustment was performed once the item was removed.
[24] Note that the α following the initial adjustment for Q8.8 was 0.667 with an overall α of 0.657. A second adjustment was performed once the item was removed.

is considered acceptable (Nunnally in Coldwell and Fried, 2012: 107), the overall reliability of the motive scale is not considered problematic. What is particularly intriguing about the adjusted motive scale is that the items almost exclusively relating to opportunity-driven entrepreneurship are now found to be reliable.

All inter-item correlations are >0.3, indicating that all items correlate with their respective scales. All scales therefore demonstrate convergent validity. Using the reliability scores, scales thus were amended to consist of the following items, which, when combined, formed the composite construct for further analysis:

- Entrepreneurial identity aspiration: Question 2.2 – 2.5 (inclusive).
- Entrepreneurial capitals: Questions 3.1, 3.3, 3.4, 3.6 – 3.8 (inclusive).
- Entrepreneurial performance: Question 4.1 – 4.5 (inclusive), 4.8 and 4.9.
- Formalisation: Questions 5.1 – 5.7 (inclusive) (no adjustment made to original scale).
- Entrepreneurial values: Questions 6.1, 6.2, 6.4, 6.6, 6.8, 6.11 – 6.21 (inclusive).
- Entrepreneurial self-efficacy: Questions 7.1 – 7.6 (inclusive) (no adjustment made to the original scale).
- Entrepreneurial motive: Questions 8.3 – 8.6 and 8.9.

4.4.2 Factor analyses – further validation of the scales

In order to further validate the scales, Exploratory Factor Analyses (EFA) were performed on the different scales using Principle Component Analysis (PCA). In general, the expectation was that scales derived from previous studies would load on

a single factor, with no similar expectation for scales specifically developed for this study (including the entrepreneurial capitals, entrepreneurial values and formalisation scales), given the exploratory nature of the research.

4.4.2.1 Factor analysis of the entrepreneurial identity aspiration scale

PCA was carried out on the four items of the scale which remained after it was adjusted for reliability, using orthogonal (verimax) rotation. Prior to running the factor analysis, the suitability of the data in the scale for factoring was assessed. The correlation matrix (Table 4.36) indicated all coefficients to above 0.3. The determinant of the matrix was reported as 0.255 which is larger than the necessary value of 0.0001. Nonetheless Haitovsky's (1969) test was used to detect problematic multicolleniarity. Here, X^2_H = 147.1364 with df = 6. This is significantly larger than the critical values of 12.59 (p=0.05) and 16.81 (p=0.01) for the Chi-square distribution (df=6), suggesting the determinant is significantly different to 0. Thus, the matrix is non-singular suggesting no problematic multicollinearity.

Table 4.36 – Correlation matrix for the entrepreneurial identity aspiration scale

		Q2.2	Q2.3	Q2.4	Q2.5
Correlation	Q2.2	1.000	0.569	0.467	0.513
	Q2.3	0.569	1.000	0.626	0.403
	Q2.4	0.467	0.626	1.000	0.513
	Q2.5	0.513	0.403	0.513	1.000
Sig. (1-tailed)	Q2.2		0.000	0.000	0.000
	Q2.3	0.000		0.000	0.000
	Q2.4	0.000	0.000		0.000
	Q2.5	0.000	0.000	0.000	

The Kaizer-Mayer-Olkin (KMO) measure was used to verify the sampling adequacy for the analysis with KMO = 0.729 (which is above 0.7 and therefore exceeds the minimum recommended value of 0.6) (Kaizer, 1970,1974). The anti-image correlation matrix in Table 4.37 below indicates the KMO values for individual variables, which are all similarly 0.7 and over.

Table 4.37 – Anti-image matrix for the entrepreneurial identity aspiration scale

		Q2.2	Q2.3	Q2.4	Q2.5
Anti-image Correlation	Q2.2	0.750[a]	-0.386	-0.040	-0.342
	Q2.3	-0.386	0.700[a]	-0.477	0.026
	Q2.4	-0.040	-0.477	0.721[a]	-0.330
	Q2.5	-0.342	0.026	-0.330	0.753[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) test of sphericity (X^2 = 673.066; p<0.001) revealed that the correlations between items were large enough for a PCA thus further indicating the factorability of the correlation matrix.

PCA revealed one factor with an eigenvalue above one explaining 63.719% of the variance (see Table 4.38 below).

Table 4.38 – Total variance explained for the entrepreneurial identity aspiration scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.549	63.719	63.719	2.549	63.719	63.719
2	0.614	15.345	79.064			
3	0.529	13.229	92.293			
4	0.308	7.707	100.000			

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.6 below clearly indicates a single factor, with only one point of inflexion evident, using Cattell's (1966) scree test.

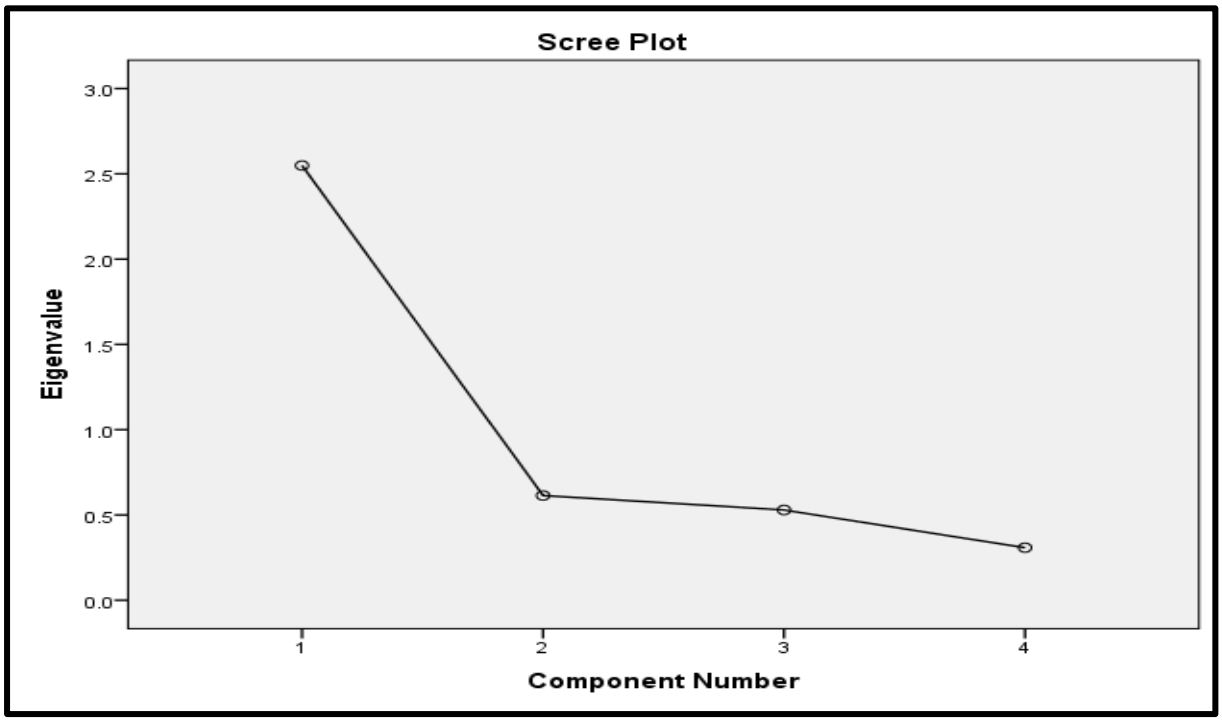


Figure 4.6 – Scree plot for the entrepreneurial identity aspiration scale

Parallel analysis was carried out using Monte Carlo PCA for Parallel Analysis software. The results of this, which are reflected in Table 4.39, clearly support the retention of one component only, with the first eigenvalue in Table 4.38 alone exceeding values generated by the parallel analysis.

Table 4.39 – Comparison of eigenvalues from PCA and parallel analysis for the entrepreneurial identity aspiration scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	2.549	1.0989	Accept
2	0.614	1.0171	Reject
3	0.529	0.9731	Reject
4	0.308	0.9109	Reject

Table 4.40 below reflects the component score matrix accordingly. Since only one factor was extracted, no rotation was carried out.

Table 4.40 – Summary of EFA results for the entrepreneurial identity aspiration scale items

Scale items	Factor loading
	Entrepreneurial Identity Aspiration
2.1 I would like to think of myself as an entrepreneur who is driven by identifying and pursuing opportunities	0.313
2.2 Becoming a successful entrepreneur would be an important part of who I am	0.322
2.3 It is important for me to express my entrepreneurial ambitions	0.322
2.4 When I think about it, the term 'entrepreneur' fits me pretty well	0.294
% of variance explained	**63.719%**

As the scale used was derived from Farmer et al.'s (2011) entrepreneurial identity aspiration scale which, in turn, was based on Callero's (1985) well-established and validated role identity scale, a single factor loading, for scale items retained after the reliability analysis, was not unexpected.

4.4.2.2 Factor analysis of the entrepreneurial capital scale

Once again, PCA was carried out on the six items of the entrepreneurial capitals scale which remained after it was adjusted for reliability, using orthogonal (verimax) rotation. Prior to running the factor analysis, the suitability of the data in the scale for factoring was assessed. The correlation matrix (Table 4.41) indicates a number of coefficients to be above 0.3, whilst all relationships are significant. The determinant of the matrix was reported as 0.66 which is larger than the necessary value of 0.00001.

Haitovsky's (1969) test was again carried out to detect mutlicollinearity (X^2_H = 538.5062; df = 15). The observed Chi-square was found to be significantly larger than critical values for the Chi-square distribution (25, p=0.05 and 30.58, p=0.01). Thus, the determinant is significantly different from zero and the matrix is thus non-singular, suggesting no problematic multicollinearity.

Table 4.41 – Correlation matrix for the entrepreneurial capitals scale

		Q3.1	Q3.3	Q3.4	Q3.6	Q3.7	Q3.8
Correlation	Q3.1	1.000	0.713	0.103	0.313	0.200	0.172
	Q3.3	0.713	1.000	0.099	0.321	0.216	0.177
	Q3.4	0.103	0.099	1.000	0.331	0.351	0.320
	Q3.6	0.313	0.321	0.331	1.000	0.324	0.270
	Q3.7	0.200	0.216	0.351	0.324	1.000	0.889
	Q3.8	0.172	0.177	0.320	0.270	0.889	1.000
Sig. (1-tailed)	Q3.1		0.000	0.011	0.000	0.000	0.000
	Q3.3	0.000		0.014	0.000	0.000	0.000
	Q3.4	0.011	0.014		0.000	0.000	0.000
	Q3.6	0.000	0.000	0.000		0.000	0.000
	Q3.7	0.000	0.000	0.000	0.000		0.000
	Q3.8	0.000	0.000	0.000	0.000	0.000	

The Kaizer-Mayer-Olkin (KMO) measure was used to verify the sampling adequacy for the analysis with KMO = 0.620. This is above the minimum recommended value of 0.6 (Kaizer, 1970,1974). The anti-image correlation matrix in Table 4.42 below indicates the KMO values for individual variables, which are all above the minimum acceptable value of 0.5.

Table 4.42 – Anti-image matrix for the entrepreneurial capitals scale

		Q3.1	Q3.3	Q3.4	Q3.6	Q3.7	Q3.8
Anti-image Correlation	Q3.1	0.594[a]	-0.676	0.003	-0.110	0.000	-0.019
	Q3.3	-0.676	0.593[a]	0.030	-0.126	-0.063	0.030
	Q3.4	0.003	0.030	0.824[a]	-0.248	-0.113	-0.027
	Q3.6	-0.110	-0.126	-0.248	0.821[a]	-0.124	0.039
	Q3.7	0.000	-0.063	-0.113	-0.124	0.584[a]	-0.869
	Q3.8	-0.019	0.030	-0.027	0.039	-0.869	0.575[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) test of sphericity (X^2 = 1323.086; p<0.001) indicated that correlations between items were sufficiently large for a PCA, thus confirming the factorability of the correlation matrix. A PCA revealed two factors with an eigenvalue above one, together explaining 68.355% of the variance (see Table 4.43 below).

Table 4.43 – Total variance explained for the entrepreneurial capitals scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.637	43.953	43.953	2.637	43.953	43.953	2.213	36.876	36.876
2	1.464	24.402	68.355	1.464	24.402	68.355	1.889	31.479	68.355
3	0.891	14.842	83.197						
4	0.612	10.204	93.401						
5	0.287	4.786	98.186						
6	0.109	1.814	100.000						

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.7 below clearly indicates two components, with a break after the second and no further points of inflexion evident using Cattell's (1966) scree test.

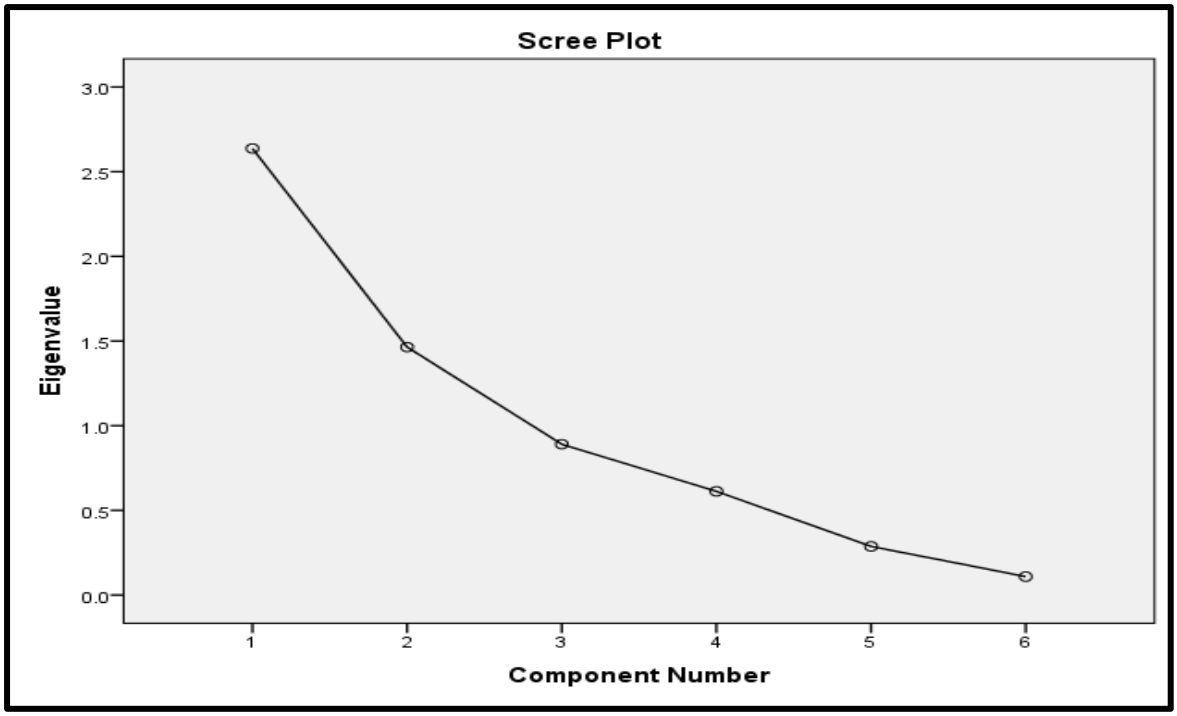


Figure 4.7 – Scree plot for the entrepreneurial capitals scale

The results of the parallel analysis are reflected in Table 4.44. Clear support for the retention of two components is evident, with eigenvalues in Table 4.43 exceeding values generated by the parallel analysis.

Table 4.44 – Comparison of eigenvalues from PCA and parallel analysis for the entrepreneurial capitals scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	2.637	1.1365	Accept
2	1.464	1.0824	Accept
3	0.891	1.0146	Reject
4	0.612	0.9814	Reject
5	0.287	0.9274	Reject
6	0.109	0.8577	Reject

To assist in the interpretation of the two components, a verimax rotation was undertaken. Table 4.45 shows these components after rotation. For ease of interpretation scores above 0.4 were retained (Field, 2009).

Table 4.45 – Summary of EFA results for the entrepreneurial capitals scale items

Scale Items	Rotated Factor Loadings	
	Human and Social Capital	Financial and Social Capital
3.1 It is easy for new and growing businesses in the informal economy to get a loan from a bank	0.065	**0.904**
3.8 The government makes money readily available to new and growing businesses in the informal economy	0.075	**0.904**
3.9 I often rely on my close friends and family to help me run my business	**0.595**	0.083
3.10 I know people with lots of different skills who are willing to help me run my business	**0.426**	**0.475**
3.11 The education I've received to date has taught me how to be an entrepreneur	**0.918**	0.125
3.12 The education I've received to date has taught me how to grow my business	**0.908**	0.078
% of variance explained	**36.876%**	**31.479%**

While a single factor was anticipated, the results are interesting nonetheless, with a factor combining human capital and social capital, and another factor for social and financial capital. The two factors which emerge suggest the complimentary nature of different capitals (particularly with respect to social capital). Social capital, for instance, might be leveraged in the informal economy to attain other resources, such as money (Portes, 1998). At the same time, human capital might bolster the strength of network ties. Knowledge of the relevant advantages of different ties might subsequently come to the fore (as is evidenced by both strong and weak ties being associated with human capital) (see Venter et al., 2008). Stronger, homogenous ties allow for quicker dispersion of knowledge, while weaker, heterogeneous ties allow for access to the diverse knowledge of new markets, sources of capital, opportunities and the like (Urban, 2011a). What is particularly interesting to note is the support for weak ties, and its relationship to financial capital.

Weak ties are especially important to maintain, to ensure that the stagnation and isolation of entrepreneurs does not follow (Granovetter, 1973; Woolcock and Narayan, 2000). In the factor, therefore, weak ties are associated with sources of finance other than friends and family.

4.4.2.3 Factor analysis of the entrepreneurial performance scale

PCA was conducted on the seven items of the scale which remained after it was adjusted for reliability, using orthogonal (verimax) rotation. The suitability of the data in the scale for factoring was assessed, prior to running the factor analysis. All coefficients in the correlation matrix in Table 4.46 are above 0.3 and all relationships are significant. The determinant of the matrix, 0.83, is larger than the necessary value of 0.00001 (and close to one). Haitovsky's (1969) test (X^2_H = 833.9105; df = 21) indicated no problematic multicollinearity. Here, the observed Chi-square was significantly larger that the critical values of the Chi-square distribution (32.67, p=0.05 and 38.93, p=0.01).

Sampling adequacy was verified using the KMO measure. The KMO of 0.844 exceeds the minimum recommended value of 0.6 (Kaizer, 1970,1974). Table 4.47 reflects the anti-image correlation matrix. The KMO values for individual variables are all similarly equal to or greater than 0.7.

Table 4.46 – Correlation matrix for the entrepreneurial performance scale

		Q4.1	Q4.2	Q4.3	Q4.4	Q4.5	Q4.8	Q4.9
Correlation	Q4.1	1.000	0.713	0.455	0.406	0.384	0.392	0.353
	Q4.2	0.713	1.000	0.462	0.450	0.415	0.435	0.393
	Q4.3	0.455	0.462	1.000	0.549	0.434	0.379	0.414
	Q4.4	0.406	0.450	0.549	1.000	0.508	0.380	0.361
	Q4.5	0.384	0.415	0.434	0.508	1.000	0.328	0.398
	Q4.8	0.392	0.435	0.379	0.380	0.328	1.000	0.452
	Q4.9	0.353	0.393	0.414	0.361	0.398	0.452	1.000
Sig. (1-tailed)	Q4.1		0.000	0.000	0.000	0.000	0.000	0.000
	Q4.2	0.000		0.000	0.000	0.000	0.000	0.000
	Q4.3	0.000	0.000		0.000	0.000	0.000	0.000
	Q4.4	0.000	0.000	0.000		0.000	0.000	0.000
	Q4.5	0.000	0.000	0.000	0.000		0.000	0.000
	Q4.8	0.000	0.000	0.000	0.000	0.000		0.000
	Q4.9	0.000	0.000	0.000	0.000	0.000	0.000	

Table 4.47 – Anti-image matrix for the entrepreneurial performance scale

		Q4.1	Q4.2	Q4.3	Q4.4	Q4.5	Q4.8	Q4.9
Anti-image Correlation	Q4.1	0.784[a]	-0.577	-0.134	-0.022	-0.058	-9.068	-0.021
	Q4.2	-0.577	0.791[a]	-0.072	-0.106	-0.084	-0.136	-0.077
	Q4.3	-0.134	-0.072	0.881[a]	-0.321	-0.104	-0.069	-0.153
	Q4.4	-0.022	-0.106	-0.321	0.852[a]	-0.286	-0.108	-0.023
	Q4.5	-0.058	-0.084	-0.104	-0.286	0.886[a]	-0.024	-0.171
	Q4.8	-0.068	-0.136	-0.069	-0.108	-0.024	0.892[a]	-0.271
	Q4.9	-0.021	-0.077	-0.153	-0.023	-0.171	-0.271	0.876[a]

a. Measures of Sampling Adequacy(MSA)

The Bartlett's (1954) test of sphericity (X^2 = 1172.460; p<0.001) revealed that correlations between items were large enough for a PCA thus establishing the factorability of the correlation matrix.

PCA revealed one factor with an eigenvalue above one, explaining 51.422% of the variance (see table 4.48 below).

Table 4.48 – Total variance explained for the entrepreneurial performance scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.600	51.422	51.422	3.600	51.422	51.422
2	0.816	11.652	63.074			
3	0.766	10.948	74.022			
4	0.578	8.261	82.283			
5	0.540	7.720	90.003			
6	0.417	5.960	95.963			
7	0.283	4.037	100.000			

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.8 below clearly indicates one factor, with one slight point of inflexion evident at component 3. However, eigen values for components two and three were both below 1, therefore they were not retained.

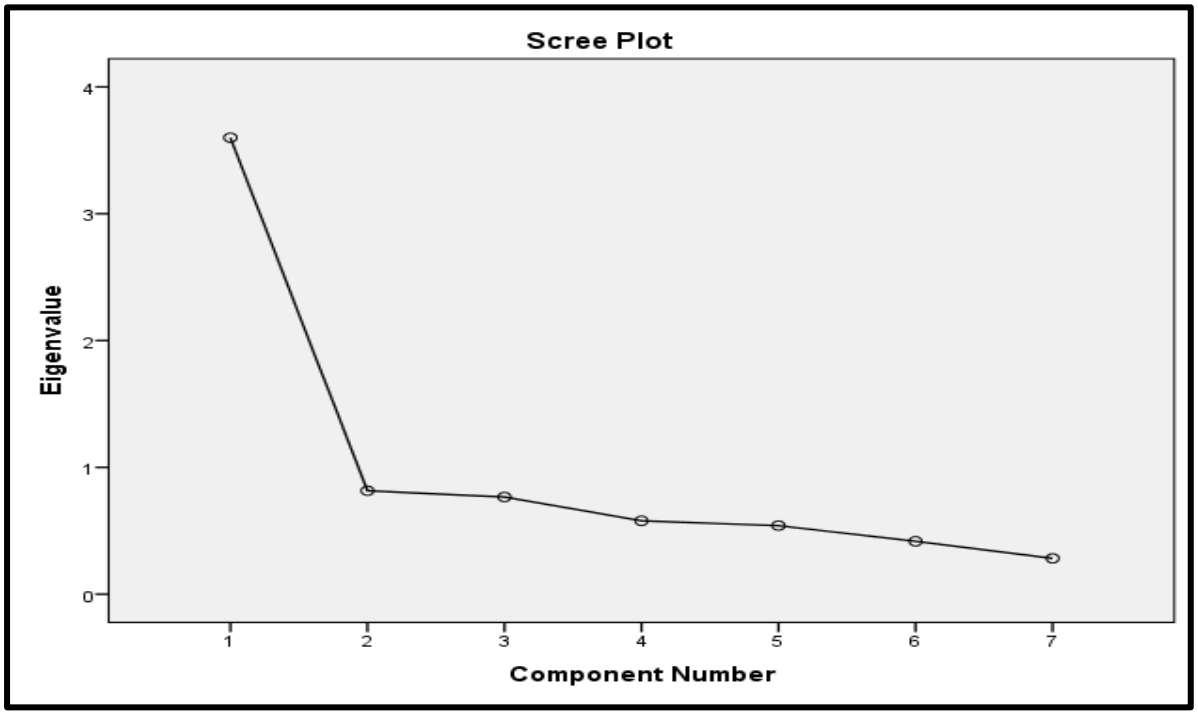


Figure 4.8 – Scree plot for the entrepreneurial performance scale

The results of the parallel analysis clearly support the retention of one component only (see Table 4.49).

Table 4.49 – Comparison of eigenvalues from PCA and parallel analysis for the entrepreneurial performance scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	3.600	1.1695	Accept
2	0.816	1.0953	Reject
3	0.766	1.0386	Reject
4	0.578	0.9944	Reject
5	0.540	0.9526	Reject
6	0.417	0.9073	Reject
7	0.283	0.8423	Reject

Table 4.50 below reflects the component score matrix accordingly. Since only one factor was extracted, no rotation was carried out.

Table 4.50 – Summary of EFA results for the entrepreneurial performance scale items

Scale items	Component
	Entrepreneurial Performance
4.1 Compared to my competitors, I have introduced more new products/services over the past year	0.208
4.2 Compared to my competitors, I have made more changes and improvements to my existing products/services over the past year	0.218
4.3 Over the past year, I have often taken risks in growing my business	0.206
4.4 Over the past year, I have often looked for innovative solutions to problems facing my business	0.203
4.5 Over the past year, I actively engaged in search for big business opportunities	0.191
4.8 I have managed to create employment for others in my business over the past year	0.183
4.9 Compared to my competitors, my profits have continued to grow over the past year	0.183
% of variance explained	**51.422%**

The scale used was derived in large part from the Entrepreneurial Performance Index (EPI) developed by Morris and Kuratko (2002)[25]. Therefore, a single factor loading for scale items retained after the reliability analysis was not unexpected.

4.4.2.4 Factor analysis of the formalisation scale

PCA was carried out on the seven original items of the scale, using orthogonal (verimax) rotation. The suitability of the data for factoring was once again assessed. The correlation matrix in Table 4.51 reflects several coefficients above 0.3, whilst all relationships are significant. While the determinant of the matrix of 0.103 is larger than the necessary value of 0.00001, Haitovsky's (1969) test was again carried out to detect problematic multicolliniarity. The observed Chi-square (X^2_H = 54.22286, df=21) is larger than the critical values of the Chi-square distribution (32.67, p=0.05 and 38.93, p=0.01). Therefore the determinant is significantly different from zero, thus suggesting that there is no problematic multicollinearity.

The KMO measure of 0.731 exceeds the minimum recommended value of 0.6 (Kaizer, 1970, 1974). The anti-image correlation matrix in Table 4.52, which further verifies the sampling adequacy for the analysis, indicates that KMOs for individual items are over 0.6 and all, but one, exceed 0.7.

[25] This scale focuses on growth, new product introduction, and innovation, and was previously tested in Johannesburg's informal economy (see Venter et al., 2012).

Table 4.51 – Correlation matrix for the formalisation scale

		Q5.1	Q5.2	Q5.3	Q5.4	Q5.5	Q5.6	Q5.7
Correlation	Q5.1	1.000	0.500	0.318	0.530	0.239	0.400	0.298
	Q5.2	0.500	1.000	0.332	0.283	0.257	0.281	0.187
	Q5.3	0.318	0.332	1.000	0.358	0.612	0.279	0.188
	Q5.4	0.530	0.283	0.358	1.000	0.371	0.430	0.462
	Q5.5	0.239	0.257	0.612	0.371	1.000	0.249	0.207
	Q5.6	0.400	0.281	0.279	0.430	0.249	1.000	0.658
	Q5.7	0.298	0.187	0.188	0.462	0.207	0.658	1.000
Sig. (1-tailed)	Q5.1		0.000	0.000	0.000	0.000	0.000	0.000
	Q5.2	0.000		0.000	0.000	0.000	0.000	0.000
	Q5.3	0.000	0.000		0.000	0.000	0.000	0.000
	Q5.4	0.000	0.000	0.000		0.000	0.000	0.000
	Q5.5	0.000	0.000	0.000	0.000		0.000	0.000
	Q5.6	0.000	0.000	0.000	0.000	0.000		0.000
	Q5.7	0.000	0.000	0.000	0.000	0.000	0.000	

Table 4.52 – Anti-image matrix for the formalisation scale

		Q5.1	Q5.2	Q5.3	Q5.4	Q5.5	Q5.6	Q5.7
Anti-image Correlation	Q5.1	0.735[a]	-0.390	-0.069	-0.384	0.067	-0.163	0.054
	Q5.2	-0.390	0.773[a]	-0.140	0.049	-0.055	-0.067	0.011
	Q5.3	-0.069	-0.140	0.718[a]	-0.079	-0.533	-0.086	0.058
	Q5.4	-0.384	0.049	-0.079	0.797[a]	-0.179	-0.037	-0.266
	Q5.5	0.067	-0.055	-0.533	-0.179	0.696[a]	-0.019	-0.017
	Q5.6	-0.163	-0.067	-0.086	-0.037	-0.019	0.729[a]	-0.575
	Q5.7	0.054	0.011	0.058	-0.266	-0.017	-0.575	0.675[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) test of sphericity (X^2 = 1053.164; p<0.001) revealed the factorability of the correlation matrix such that correlations between items were found to be large enough for PCA.

Table 4.53 reflects the result of the PCA with two factors showing an eigenvalue above one, explaining 62.005% of the variance.

Table 4.53 – Total variance explained for the formalisation scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.142	44.886	44.886	3.142	44.886	44.886	2.259	32.271	32.271
2	1.198	17.119	62.005	1.198	17.119	62.005	2.081	29.734	62.005
3	0.942	13.457	75.463						
4	0.634	9.055	84.518						
5	0.419	5.984	90.502						
6	0.362	5.172	95.673						
7	0.303	4.327	100.000						

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.9 reveals two factors with eigenvalues above one. Component three is marginally below one, but is rejected using Cattell's (1966) scree test, since it is below the point of inflexion at component two.

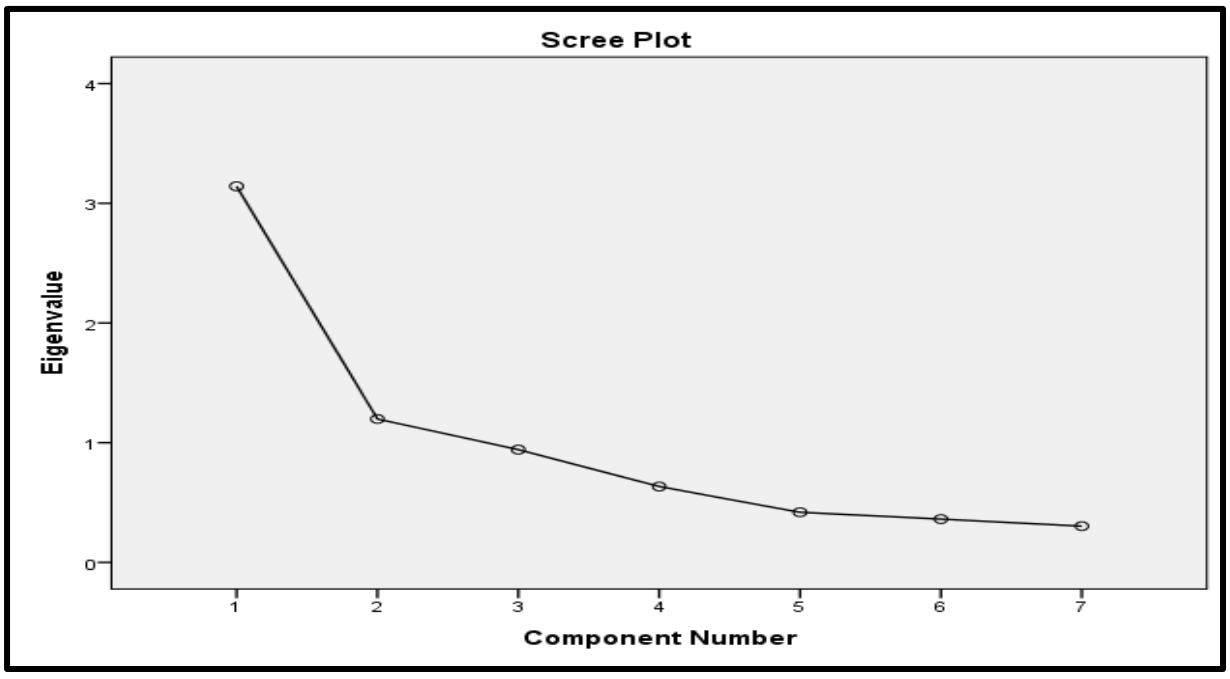


Figure 4.9 – Scree plot for the formalisation scale

Parallel analysis was carried out, the results of which are reflected in Table 4.54. Clear support for the retention of two components alone is indicated, with only two eigenvalues falling below those values generated by the PCA.

Table 4.54 – Comparison of eigenvalues from PCA and parallel analysis for the formalisation scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	3.142	1.1695	Accept
2	1.198	1.0953	Reject
3	0.942	1.0386	Reject
4	0.634	0.9944	Reject
5	0.419	0.9526	Reject
6	0.362	0.9073	Reject
7	0.303	0.8423	Reject

Table 4.55 shows these components after a verimax rotation was carried out. Scores above 0.4 were retained for ease of interpretation (Field, 2009).

Table 4.55 – Summary of EFA results for the formalisation scale items

Scale Items	Rotated Factor Loadings	
	Compliance (external)	Compliance (internal)
5.1 Registration with the South African Revenue Service is an important part of growing my business	**0.552**	**0.451**
5.2 Getting a loan from a bank is an important part of growing my business	0.303	**0.542**
5.3 It is important that I provide my employees with safe working conditions	0.101	**0.849**
5.4 It is important that I stick to the law when I recruit, select or dismiss any of my employees	**0.631**	**0.422**
5.5 It is important that I pay my employees a decent wage	0.083	**0.815**
5.6 I work closely with different businesses in the formal economy	**0.839**	0.142
5.7 The majority of my suppliers are located in the formal economy	**0.862**	0.017
% of variance explained	**32.271%**	**29.734%**

No existing formalisation scales could be found. Therefore items were derived from the literature on the benefits of formalisation (see for instance Llanes and Barbour, 2007; USAID, 2005). Accordingly, since pre-existing scales were not used to measure the construct, there was no expectation as to the number of components that might emerge. As such, in this initial attempt to measure formality, the emergence of two different components is an interesting finding. This suggests that legitimacy is both externally and internally motived at the level of the business environment through outward appearances of compliance. Moreover, legitimacy is driven at the business level through internal compliance, particularly as this pertains to the growth of the business (through credit), and sound labour practices.

Little exists to support this assertion other than broad considerations of legitimacy from an entrepreneurial perspective, and how informal entrepreneurs might seek approval through conformity accordingly (see for instance De Clerq and Voronov, 2009b; De Clercq and Honig, 2011). Thus, this PCA points to different aspects of legitimacy and formality through compliance which might be measured separately. At the same time, the factor, 'external compliance', accounts for the largest variance, suggesting that it potentially has more currency amongst young black entrepreneurs who aspire to 'become'.

4.4.2.5 Factor analysis of the entrepreneurial values scale

Principle component analysis (PCA) was carried out on the 16 items remaining post-reliability adjustment. The suitability of the data in the scale for factoring was assessed accordingly. The correlation matrix (Table 4.56) reflects several coefficients under 0.3. Moreover, most relationships are shown to be significant.

While the determinant of the matrix, 0.006, is larger than the necessary value of 0.00001, Haitovsky's (1969) test was again performed (X^2_H = 2.979951; df=120).

The observed Chi-square is significantly smaller than the critical values of the Chi-square distribution (124.34, p=0.05 and 135.81, p=0.01 for df = 100; 233.99, p=0.05 and 249.95, p=0.01 for df = 200). Therefore the determinant is not significantly different from zero which suggests that the matrix is singular indicating multicollinearity. To further determine the presence of multicollinearity, correlation coefficients were examined for any values of 0.9. As none were found, there is contradictory evidence as to whether multicollinearity exists.

Since, however, this is merely an EFA, multicollinearity is not considered problematic (Field, 2009). As such, no further adjustments were made to the data (such as the removal of items which had correlations greater than 0.3) as it is not immediately apparent (when reflecting on the correlation matrix) that one particular item is more problematic than any of the others.

The KMO of 0.846 exceeds the minimum recommended value of 0.6 (Kaizer, 1970, 1974) while the anti-image correlation matrix in Table 4.57 below further indicates KMO values for individual variables of over 0.6 and all over 0.7, further verifying the sampling adequacy for the analysis.

Table 4.56 – Correlation matrix for the values scale

		Q6.1	Q6.2	Q6.4	Q6.6	Q6.8	Q6.11	Q6.12	Q6.13	Q6.14	Q6.15	Q6.16	Q6.17	Q6.18	Q6.19	Q6.20	Q6.21
Correlation	Q6.1	1.000	0.473	0.317	0.261	0.245	0.192	0.297	0.166	0.179	0.271	0.062	0.254	0.173	0.245	0.049	0.112
	Q6.2	0.473	1.000	0.316	0.205	0.199	0.182	0.200	0.084	0.147	0.149	0.138	0.224	0.195	0.331	0.128	0.089
	Q6.4	0.317	0.316	1.000	0.412	0.223	0.173	0.229	0.129	0.120	0.158	0.110	0.151	0.089	0.209	0.194	0.228
	Q6.6	0.261	0.205	0.412	1.000	0.266	0.243	0.311	0.262	0.134	0.416	0.118	0.333	0.151	0.124	0.171	0.210
	Q6.8	0.245	0.199	0.223	0.266	1.000	0.285	0.191	0.067	0.077	0.156	0.171	0.125	0.234	0.247	0.192	0.115
	Q6.11	0.192	0.182	0.173	0.243	0.285	1.000	0.454	0.355	0.317	0.481	0.465	0.423	0.338	0.254	0.189	0.174
	Q6.12	0.297	0.200	0.229	0.311	0.191	0.454	1.000	0.536	0.371	0.553	0.257	0.485	0.379	0.287	0.248	0.272
	Q6.13	0.166	0.084	0.129	0.262	0.067	0.355	0.536	1.000	0.356	0.628	0.289	0.553	0.373	0.143	0.107	0.142
	Q6.14	0.179	0.147	0.120	0.134	0.077	0.317	0.371	0.356	1.000	0.385	0.256	0.344	0.289	0.246	0.284	0.337
	Q6.15	0.271	0.149	0.158	0.416	0.156	0.481	0.553	0.628	0.385	1.000	0.335	0.608	0.402	0.211	0.181	0.164
	Q6.16	0.062	0.138	0.110	0.118	0.171	0.465	0.257	0.289	0.256	0.335	1.000	0.351	0.349	0.208	0.275	0.192
	Q6.17	0.254	0.224	0.151	0.333	0.125	0.423	0.485	0.553	0.344	0.608	0.351	1.000	0.540	0.320	0.177	0.173
	Q6.18	0.173	0.195	0.089	0.151	0.234	0.338	0.379	0.373	0.289	0.402	0.349	0.540	1.000	0.405	0.259	0.177
	Q6.19	0.245	0.331	0.209	0.124	0.247	0.254	0.287	0.143	0.246	0.211	0.208	0.320	0.405	1.000	0.317	0.187
	Q6.20	0.049	0.128	0.194	0.171	0.192	0.189	0.248	0.107	0.284	0.181	0.275	0.177	0.259	0.317	1.000	0.620
	Q6.21	0.112	0.089	0.228	0.210	0.115	0.174	0.272	0.142	0.337	0.164	0.192	0.173	0.177	0.187	0.620	1.000
Sig. (1-tailed)	Q6.1		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.096	0.000	0.000	0.000	0.152	0.009
	Q6.2	0.000		0.000	0.000	0.000	0.000	0.000	0.039	0.001	0.001	0.002	0.000	0.000	0.000	0.004	0.031
	Q6.4	0.000	0.000		0.000	0.000	0.000	0.000	0.003	0.006	0.000	0.010	0.001	0.030	0.000	0.000	0.000
	Q6.6	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.002	0.000	0.006	0.000	0.001	0.004	0.000	0.000
	Q6.8	0.000	0.000	0.000	0.000		0.000	0.000	0.079	0.053	0.000	0.000	0.004	0.000	0.000	0.000	0.008
	Q6.11	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Q6.12	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Q6.13	0.000	0.039	0.003	0.000	0.079	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.001	0.012	0.001
	Q6.14	0.000	0.001	0.006	0.002	0.053	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Q6.15	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000	0.000
	Q6.16	0.096	0.002	0.010	0.006	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000	0.000
	Q6.17	0.000	0.000	0.001	0.000	0.004	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000	0.000
	Q6.18	0.000	0.000	0.030	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000	0.000
	Q6.19	0.000	0.000	0.000	0.004	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000		0.000	0.000
	Q6.20	0.152	0.004	0.000	0.000	0.000	0.000	0.000	0.012	0.000	0.000	0.000	0.000	0.000	0.000		0.000
	Q6.21	0.009	0.031	0.000	0.000	0.008	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

Table 4.57 – Anti-image matrix for the entrepreneurial values scale

		Q6.1	Q6.2	Q6.4	Q6.6	Q6.8	Q6.11	Q6.12	Q6.13	Q6.14	Q6.15	Q6.16	Q6.17	Q6.18	Q6.19	Q6.20	Q6.21
	Q6.1	0.793[a]	-0.369	-0.135	-0.020	-0.132	0.026	-0.106	0.043	-0.044	-0.110	0.083	-0.042	0.019	-0.048	0.127	-0.058
	Q6.2	-0.369	0.787[a]	-0.151	-0.035	-0.008	-0.021	0.000	0.049	-0.026	0.061	-0.053	-0.062	-0.021	-0.172	-0.033	0.062
	Q6.4	-.0135	-0.151	0.810[a]	-0.312	-0.051	-0.022	-0.049	-0.045	0.013	0.081	-0.029	0.042	0.061	-0.074	-0.029	-0.088
	Q6.6	-0.020	-0.035	-0.312	0.804[a]	-0.173	0.008	-0.028	0.021	0.082	-0.255	0.068	-0.137	0.081	0.072	-0.013	-0.086
	Q6.8	-0.132	-0.008	-0.051	-0.173	0.808[a]	-0.179	-0.014	0.046	0.057	0.030	-0.030	0.108	-0.139	-0.092	-0.086	0.045
	Q6.11	0.026	-0.021	-0.022	0.008	-0.179	0.878[a]	-0.188	0.039	-0.079	-0.174	-0.314	-0.072	0.007	-0.034	0.052	-0.008
	Q6.12	-0.106	0.000	-0.049	-0.028	-0.014	-0.188	0.920[a]	-0.253	-0.065	-0.149	0.077	-0.051	-0.055	-0.072	-0.043	-0.088
Anti-image	Q6.13	0.043	0.049	-0.045	0.021	0.046	0.039	-0.253	0.867[a]	-0.102	-0.325	-0.061	-0.201	-0.066	0.080	0.075	-0.002
Correlation	Q6.14	-0.044	-0.026	0.013	0.082	0.057	-0.079	-0.065	-0.102	0.923[a]	-0.116	-0.031	-0.028	-0.024	-0.074	-0.043	-0.193
	Q6.15	-0.110	0.061	0.081	-0.255	0.030	-0.174	-0.149	-0.325	-0.116	0.869[a]	-0.050	-0.219	-0.035	0.035	-0.053	0.084
	Q6.16	0.083	-0.053	-0.029	0.068	-0.030	-0.314	0.077	-0.061	-0.031	-0.050	0.860[a]	-0.077	-0.116	0.017	-0.139	-0.001
	Q6.17	-0.042	-0.062	0.042	-0.137	0.108	-0.072	-0.051	-0.201	-0.028	-0.219	-0.077	0.892[a]	-0.307	-0.104	0.047	-0.013
	Q6.18	0.019	-0.021	0.061	0.081	-0.139	0.007	-0.055	-0.066	-0.024	-0.035	-0.116	-0.307	0.881[a]	-0.215	-0.073	0.013
	Q6.19	-0.048	-0.172	-0.074	0.072	-0.092	-0.034	-0.072	0.080	-0.074	0.035	0.017	-0.104	-0.215	0.860[a]	-0.182	0.058
	Q6.20	0.127	-0.033	-0.029	-0.013	-0.086	0.052	-0.043	0.075	-0.043	-0.053	-0.139	0.047	-0.073	-0.182	0.711[a]	-0.553
	Q6.21	-0.058	0.062	-0.088	-0.086	0.045	-0.008	-0.088	-0.002	-0.193	0.084	-0.001	-0.013	0.013	0.058	-0.553	0.702[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) (X^2 = 2266.757; p<0.001) revealed the factorability of the correlation matrix. PCA showed four factors with an eigenvalue above one, explaining 62.005% of the variance (see Table 4.58 below).

Table 4.58 – Total variance explained for the entrepreneurial values scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.026	31.413	31.413	5.026	31.413	31.413	3.782	23.636	23.636
2	1.682	10.511	41.924	1.682	10.511	41.924	2.046	12.788	36.424
3	1.488	9.301	51.225	1.488	9.301	51.225	1.875	11.721	48.145
4	1.158	7.236	58.461	1.158	7.236	58.461	1.651	10.316	58.461
5	0.996	6.225	64.686						
6	0.807	5.045	69.731						
7	0.741	4.629	74.360						
8	0.625	3.908	78.268						
9	0.583	3.643	81.911						
10	0.547	3.419	85.331						
11	0.484	3.026	88.357						
12	0.467	2.916	91.273						
13	0.402	2.515	93.788						
14	0.364	2.272	96.060						
15	0.339	2.122	98.182						
16	0.291	1.818	100.000						

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.10 below indicates four factors. Component five is marginally below one, but is rejected using Cattell's (1966) scree test, since it is below the second point of inflexion at component four.

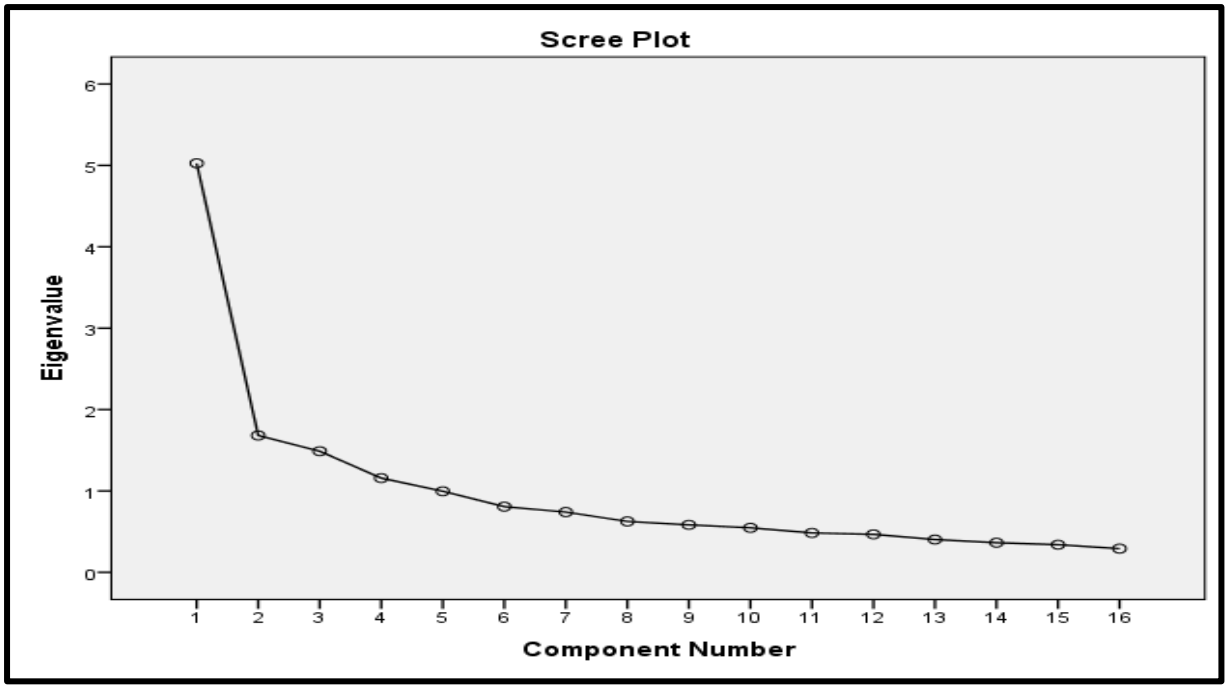


Figure 4.10 – Scree plot for the entrepreneurial capitals values scale

Results for the parallel analysis in Table 4.59 clearly support the retention of four components only, with eigenvalues for the four extracted factors in Table 4.58 exceeding those from the parallel analysis.

Table 4.59 – Comparison of eigenvalues from PCA and parallel analysis for the entrepreneurial values scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	5.026	1.3167	Accept
2	1.682	1.2543	Accept
3	1.488	1.2002	Accept
4	1.158	1.1546	Accept
5	0.996	1.1142	Reject
6	0.807	1.0759	Reject
7	0.741	1.0421	Reject
8	0.625	1.0090	Reject
9	0.583	0.9770	Reject
10	0.547	0.9437	Reject
11	0.484	0.9092	Reject
12	0.467	0.8775	Reject
13	0.402	0.8419	Reject
14	0.364	0.8025	Reject
15	0.339	0.7650	Reject
16	0.291	0.7162	Reject

Table 4.60 depicts the four components after verimax rotation. Once again, scores above 0.4 were retained (Field, 2009).

Table 4.60 – Summary of EFA results for the entrepreneurial values scale items

Scale Items	Rotated Factor Loadings			
	Predominantly Indigenous	Hybrid	Participatory	Predominantly Western
6.1 In running my business it is important for me to achieve individual success through my own personal efforts	0.157	**0.546**	-0.127	**0.479**
6.2 In running my business it is important to be my own boss	0.058	**0.706**	-0.047	0.288
6.4 In running my business, it is important to take risks	0.018	0.308	0.204	**0.670**
6.6 In running my business, it is important to be creative and innovative	0.295	0.069	0.111	**0.718**
6.8 I must take responsibility for managing my own life rather than have others do it	0.085	**0.534**	0.120	0.169
6.11 In my business, it is very important that I get to know my customers on a personal level beyond just selling them something	**0.615**	0.270	0.121	0.025
6.12 Through running my business, I am able to help people who are in need	**0.672**	0.131	0.164	0.274
6.13 In running my business, I often extend credit to customers who can't immediately pay	**0.800**	-0.104	-0.011	0.185
6.14 I run my business in a way that would please my ancestors	**0.495**	0.067	0.382	0.038
6.15 My customers are like family to me	**0.815**	0.023	0.023	0.268
6.16 Talking to my customers about their personal lives is not a waste of time	**0.501**	0.245	0.263	-0.220
6.17 I value business advice from my elders	**0.775**	0.199	0.022	0.094
6.18 I take special care of customers who are my elders	**0.590**	**0.415**	0.146	-0.215
6.19 Hard work is important to my success	0.231	**0.675**	0.245	-0.121
6.20 My employees' wellbeing is important to me	0.119	0.174	**0.854**	0.029
6.21 I take my employees' opinions into account when I make decisions impacting my business	0.116	0.009	**0.848**	0.208
% of variance explained	**23.636%**	**12.788%**	**11.721%**	**10.316%**

At the time of writing this thesis, and to the best of the researcher's knowledge, no single scale measuring archetypal western entrepreneurial and indigenous values existed. Therefore, in compiling the set of scale items, which were theoretically informed, it was anticipated that at least three different factors might emerge which would allow the plotting of relative positions of hybridity. In reflecting on the components above, this is what appears to have happened. The greatest variance was most interestingly explained by 'indigenous', Afrocentric values in factor one,

and western values accounting for the least variance, on the other end of the spectrum, in factor four. Factor two, which is termed 'hybridity' clearly indicates a propensity for young black informal entrepreneurs to 'mix' values in forging a hybrid, values-based identity. Factor three, at the same time, potentially indicates a convergence of western and African values through democratic structures in the workplace (such that western and African values find commonality, again, through a hybrid identity). There is no specific literature to justify this particular spectrum of values orientations, beyond general theory on hybridity and multiculturalism. This theory allows for hybrid selves to emerge through the mixing of national or regional cultures (Benet-Martínez et al., 2002).

4.4.2.6 Factor analysis of the Entrepreneurial Self-Efficacy Scale

PCA was carried out on the six original items of the scale, again using orthogonal (verimax) rotation. The suitability of the data for factoring was assessed prior to carrying out the factor analysis. Table 4.61, which depicts the correlation matrix, reveals that all coefficients are above 0.3, and all relationships are significant.

The determinant of the matrix was reported as 0.57. While this is larger than the necessary value of 0.00001, Haitovsky's (1969) test was still carried out (X^2_H = 421.282; df = 15). The critical values of 25.00 (p=0.05) and 30.58 (p=0.01) indicates that the observed Chi-square is significantly larger. Therefore, the determinant is significantly different from zero and the matrix is thus non-singular, indicating no problematic multicollinearity.

Table 4.61 – Correlation matrix for the entrepreneurial self-efficacy scale

		Q7.1	Q7.2	Q7.3	Q7.4	Q7.5	Q7.6
Correlation	Q7.1	1.000	0.622	0.503	0.416	0.515	0.459
	Q7.2	0.622	1.000	0.508	0.485	0.565	0.572
	Q7.3	0.503	0.508	1.000	0.526	0.591	0.614
	Q7.4	0.416	0.485	0.526	1.000	0.554	0.561
	Q7.5	0.515	0.565	0.591	0.554	1.000	0.696
	Q7.6	0.459	0.572	0.614	0.561	0.696	1.000
Sig. (1-tailed)	Q7.1		0.000	0.000	0.000	0.000	0.000
	Q7.2	0.000		0.000	0.000	0.000	0.000
	Q7.3	0.000	0.000		0.000	0.000	0.000
	Q7.4	0.000	0.000	0.000		0.000	0.000
	Q7.5	0.000	0.000	0.000	0.000		0.000
	Q7.6	0.000	0.000	0.000	0.000	0.000	

The KMO measure of 0.876 exceeds the minimum recommended value of 0.6. Moreover, the anti-image correlation matrix set out in Table 4.62 below similarly reflects KMO values for individual variables as exceeding 0.8.

Table 4.62 – Anti-image matrix for the entrepreneurial self-efficacy scale

		Q7.1	Q7.2	Q7.3	Q7.4	Q7.5	Q7.6
Anti-image Correlation	Q7.1	0.849[a]	-0.413	-0.185	-0.037	-0.144	0.038
	Q7.2	-0.413	0.864[a]	-0.051	-0.118	-0.118	-0.199
	Q7.3	-0.185	-0.051	0.904[a]	-0.180	-0.163	-0.254
	Q7.4	-0.037	-0.118	-0.180	0.924[a]	-0.170	-0.177
	Q7.5	-0.144	-0.118	-0.163	-0.170	0.874[a]	-0.398
	Q7.6	0.038	-0.199	-0.254	-0.177	-0.398	0.853[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) test score of X^2 = 1383.139; p<0.001 indicated the factorability of the correlation matrix given that correlations between items were large enough for a PCA.

PCA indicated one factor with an eigenvalue above one, explaining 62.289% of the variance, as reflected in Table 4.63 below.

Table 4.63 – Total variance explained for the entrepreneurial self-efficacy scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.737	62.289	62.289	3.737	62.289	62.289
2	0.678	11.300	73.590			
3	0.488	8.132	81.721			
4	0.448	7.468	89.189			
5	0.363	6.044	95.234			
6	0.286	4.766	100.000			

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.11 shows a single factor with an eigen value of 1, confirming the outcome of the PCA.

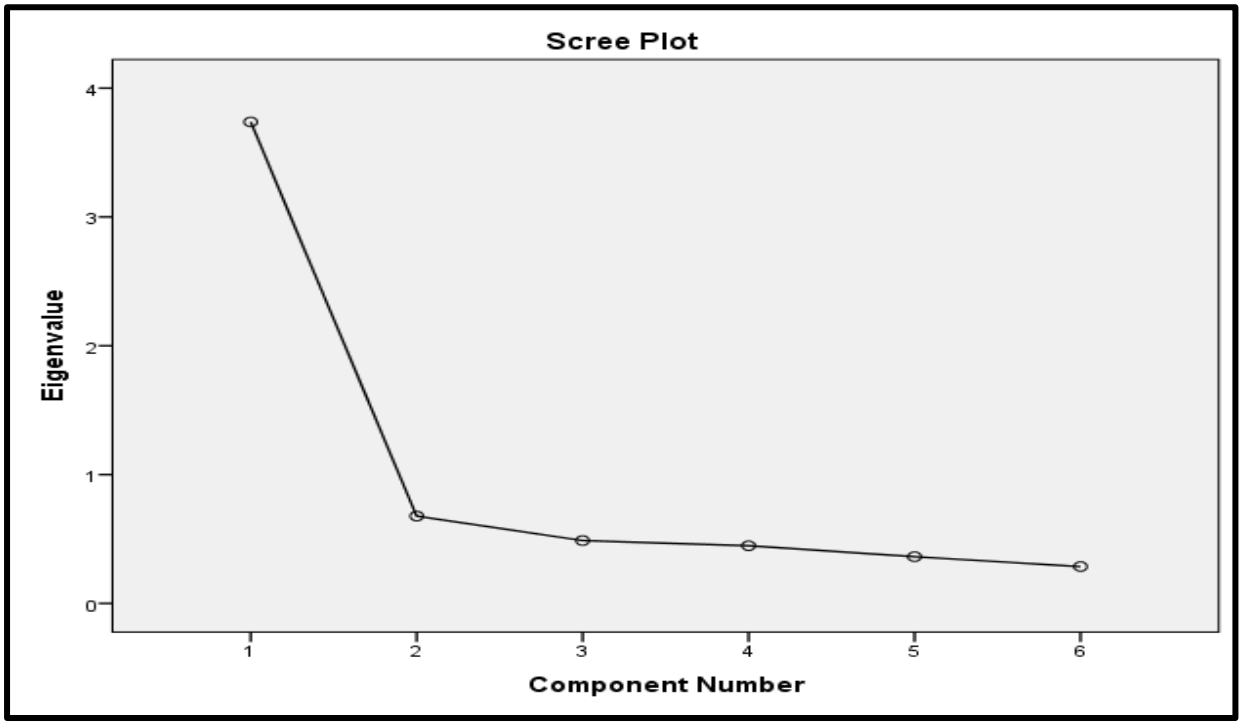


Figure 4.11 – Scree plot for the entrepreneurial self-efficacy scale

Parallel analysis, the results of which are reflected in Table 4.64, provides clear support for the retention of only one component. Here, eigenvalues in Table 4.63 exceed values generated by the parallel analysis for the first component.

Table 4.64 – Comparison of eigenvalues from PCA and parallel analysis

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	3.737	1.1522	accept
2	0.678	1.0722	reject
3	0.488	1.0242	reject
4	0.448	0.9758	reject
5	0.363	0.9164	reject
6	0.286	0.8542	reject

Table 4.65 reflects the component score matrix. No rotation was carried out since only one factor was extracted.

Table 4.65 – Summary of EFA results for the entrepreneurial self-efficacy scale items

Scale items	Component
	Entrepreneurial Self-Efficacy
7.1 Compared to other people that run businesses like my own, I am better able to solve problems	0.735
7.2 I am better at managing money when compared to others that run businesses similar to mine	0.792
7.3 I am more creative than others that run businesses similar to mine	0.792
7.4 Compared to other people that run businesses like my own, I am better at getting people to agree with me	0.744
7.5 I am a better leader than others that run businesses similar to mine	0.835
7.6 I am better at making decisions when compared to other people that run businesses like my own	0.832
% of variance explained	**62.289%**

That a single factor emerged was not unanticipated. This is largely because a uni-dimensional scale was adopted to measure ESE based on the scale developed and tested by Wilson et al. (2007). This particular result thus supports previous research by reflecting the appropriateness and relevance of the uni-dimensional scale, given the nature of the sample (see Wilson et al., 2007).

4.4.2.7 Factor analysis of the motives scale

PCA, by means of orthogonal (verimax) rotation, was performed on the five remaining items of the scale. The correlation matrix presented in table 4.66 shows that all coefficients are above 0.3, whilst all relationships are significant, providing an initial indication of the suitability of the data in the scale for factoring.

While the determinant of the matrix, which was reported as 0.429, is much larger than the necessary value of 0.00001, Haitovsky's (1969) test was carried to detect potential multicolleniarity. The observed Chi-square (X^2_H = 279.9029, df = 10) is significantly larger than the critical values of the Chi-square distribution (18.31, p=0.05 and 23.21, p=0.01). Thus, the determinant is significantly different from zero, indicating that the matrix is non-singular. Hence, no problematic multicollinearity is detected.

Table 4.66 – Correlation matrix for the entrepreneurial motives scale

		Q8.3	Q8.4	Q8.5	Q8.6	Q8.9
Correlation	Q8.3	1.000	0.349	0.170	0.327	0.265
	Q8.4	0.349	1.000	0.385	0.279	0.449
	Q8.5	0.170	0.385	1.000	0.294	0.399
	Q8.6	0.327	0.279	0.294	1.000	0.359
	Q8.9	0.265	0.449	0.399	0.359	1.000
Sig. (1-tailed)	Q8.3		0.000	0.000	0.000	0.000
	Q8.4	0.000		0.000	0.000	0.000
	Q8.5	0.000	0.000		0.000	0.000
	Q8.6	0.000	0.000	0.000		0.000
	Q8.9	0.000	0.000	0.000	0.000	

The KMO measure of 0.751 exceeds the minimum recommended value of 0.6 (Kaizer, 1970,1974). Furthermore, the anti-image correlation matrix in Table 4.67 below indicates the KMO values for individual variables, with all exceeding 0.8

Table 4.67 – Anti-image matrix for the entrepreneurial motives scale

		Q8.3	Q8.4	Q8.5	Q8.6	Q8.9
Anti-image Correlation	Q8.3	0.736[a]	-0.241	0.030	-0.232	-0.070
	Q8.4	-0.241	0.737[a]	-0.233	-0.041	-0.287
	Q8.5	0.030	-0.233	0.763[a]	-0.150	-0.232
	Q8.6	-0.232	-0.041	-0.150	0.769[a]	-0.205
	Q8.9	-0.070	-0.287	-0.232	-0.205	0.753[a]

a. Measures of Sampling Adequacy(MSA)

Bartlett's (1954) test of sphericity (X^2 = 405.879; p<0.001) indicated that the correlations between items were large enough for a PCA. This further indicates the factorability of the correlation matrix.

PCA revealed a single factor with an eigenvalue above one, which explains 46.455% of the variance (see Table 4.68 below).

Table 4.68 – Total variance explained for the entrepreneurial motives scale

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.323	46.455	46.455	2.323	46.455	46.455
2	0.866	17.318	63.773			
3	0.719	14.373	78.146			
4	0.588	11.762	89.908			
5	0.505	10.092	100.000			

Extraction Method: Principal Component Analysis.

The scree plot in Figure 4.12 reveals as single factor with an eigen value of above one, thus confirming the outcome of the PCA.

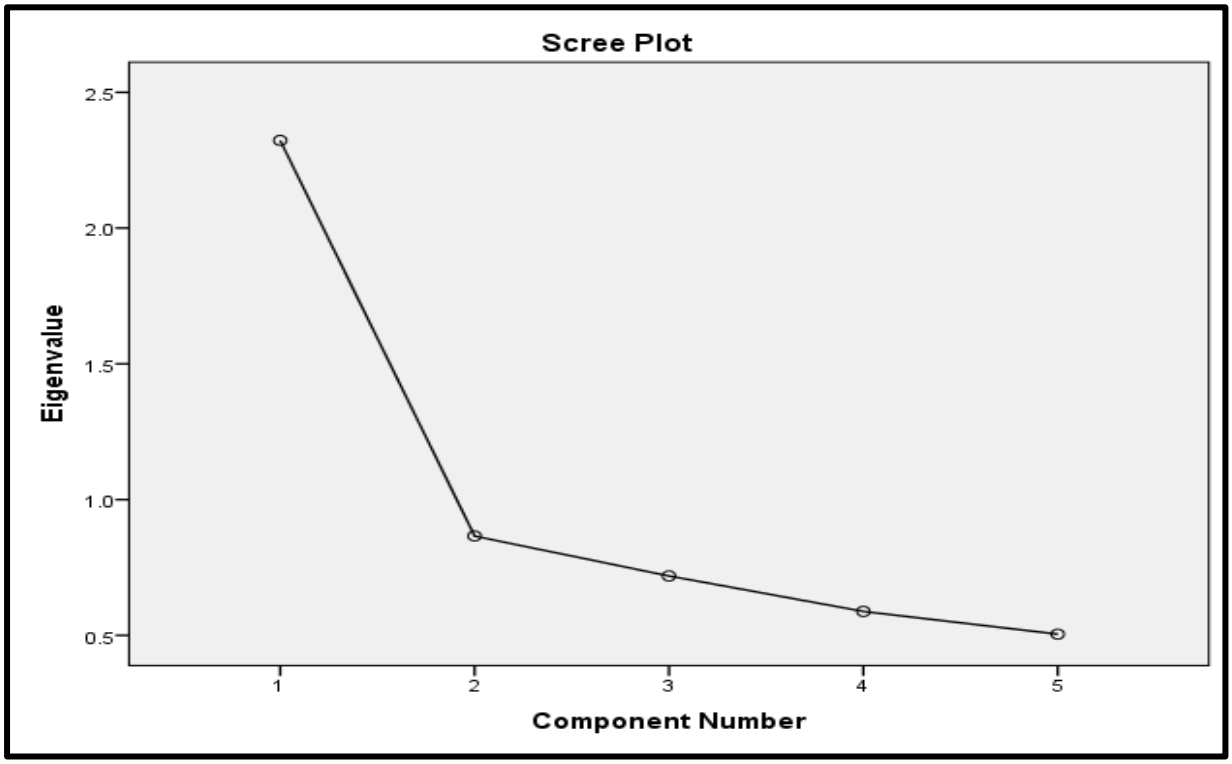


Figure 4.12 – Scree plot for the entrepreneurial motives scale

The results of the parallel analysis, reflected in Table 4.69, indicate that only one factor should be retained accordingly.

Table 4.69 – Comparison of eigenvalues from PCA and parallel analysis for the entrepreneurial motives scale

Component	Eigenvalue from PCA	Eigen value from parallel analysis	Decision
1	2.323	1.1242	Accept
2	0.866	1.0528	Reject
3	0.719	1.0007	Reject
4	0.588	0.9491	Reject
5	0.505	0.8732	Reject

Table 4.70 reflects the component score matrix. As only one factor was extracted, no rotation was required.

Table 4.70 – Summary of EFA results for the entrepreneurial motives scale items

Scale items	Component
	Entrepreneurial Motives
8.3 I started my current business to create jobs in my community	0.592
8.4 I started my current business because I wanted to be free to do my own thing	0.741
8.5 I started my current business because I identified an opportunity (need I could fill)	0.662
8.6 I started my current business to follow the example of an entrepreneur I admire	0.653
8.9 I started my current business because I wanted to fulfil my personal vision of being an entrepreneur	0.747
% of variance explained	**62.289%**

Scale items were derived from the PSED[26] and tested in the context of Johannesburg's informal economy in previous studies (see Urban et al., 2011). The emergence of two factors, however, might have been anticipated, clearly delineating push and pull motives. The single factor, however, importantly points to opportunity-driven behaviour as the primary motive underscoring entrepreneurial behaviour amongst young black informal entrepreneurs. This finding supports recent

[26] The Panel Study on Entrepreneurial Dynamics based at the University of Michigan, seeks to extend an understanding of how individuals start businesses (http://www.psed.isr.umich.edu/psed/home)

qualitative studies which support the fact that necessity (push) motives do not wholly describe the actions of informal entrepreneurs (Langevang, 2012; Rosa et al., 2006).

4.5 Testing the conceptual framework

In Chapter Two, a hypothesised conceptual framework was developed to provide an understanding of the behaviour of youth entrepreneurs in the informal economy. Multiple regression analysis is now used to test various relationships hypothesised in the framework. For ease of reference, the framework is reproduced below.

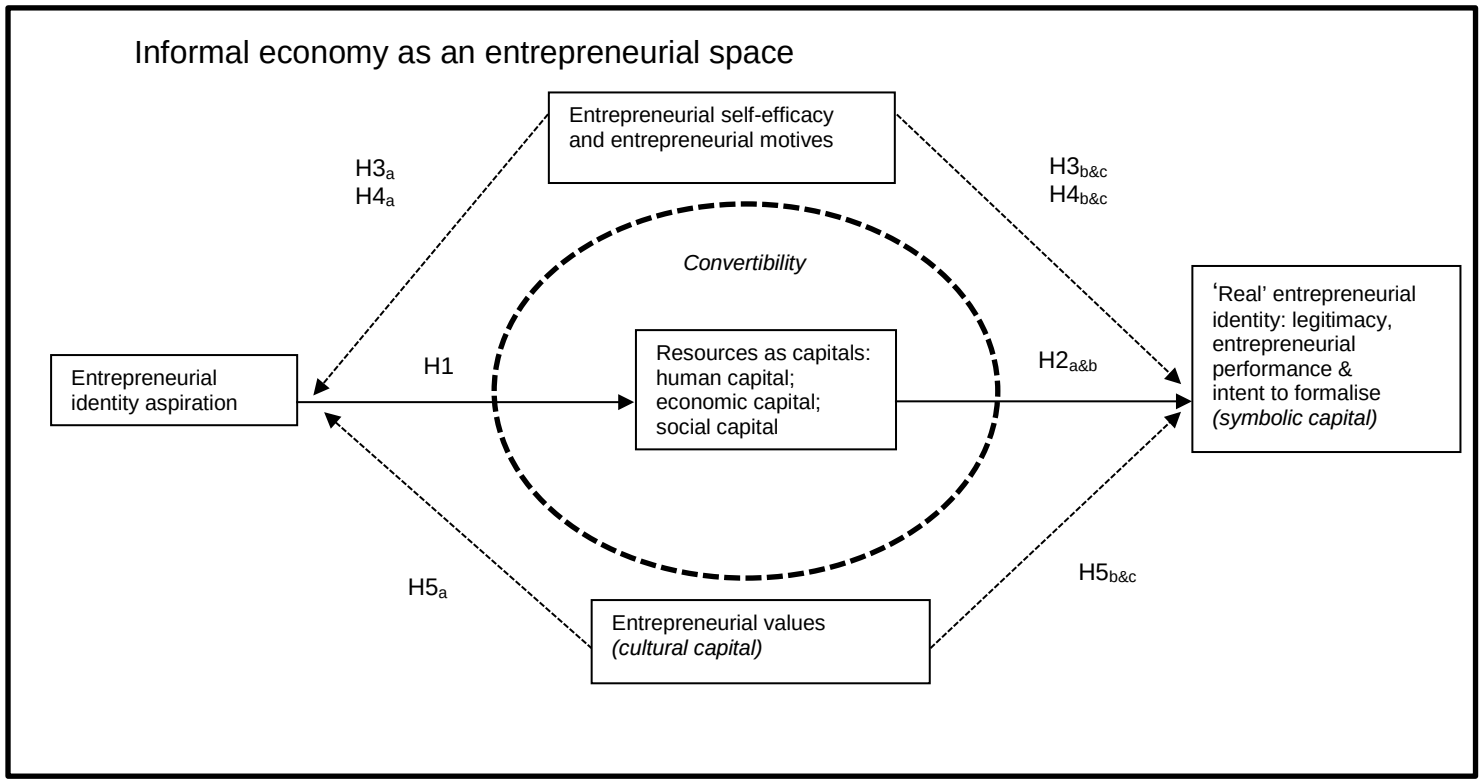


Figure 4.13 – A conceptual framework of youth entrepreneurial behaviour revisited

4.5.1 Exploring the relationship between entrepreneurial identity aspiration and entrepreneurial capitals (Hypothesis 1)

The first hypothesis is thus stated:

H1 (alternative):

Entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy is positively related to their attainment of entrepreneurial capitals.

H1 (null):

There is no positive significant relationship between the entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy and their attainment of entrepreneurial capitals.

In order to test this hypothesis, multiple regression analysis was used to predict the relationship between the attainment of entrepreneurial capitals (outcome variable) and the extent to which young black entrepreneurs aspire to an entrepreneurial identity (predictor variable). To test this relationship, a two-step regression was run. In the first step, the following control variables were included:

- Gender (1 = male; 2 = female)
- Age (1 = 15-19 yrs; 2 = 20-24 yrs; 3 = 25-29 yrs; 4 = 30-35 yrs)
- Education (1 = primary level education; 2 = secondary level education; 3 = tertiary level education)
- Turnover (1 = < R8670 (mean); 2 = > R8670 (mean))

- Number of years in business (1 = less than 1 year; 2 = 1 – 5 years; 3 = more than 5 years)

In the second step, entrepreneurial identity aspiration (EIA) was additionally introduced to account for additional variance beyond the control set of variables.

Multiple linear regression (OLS) was adopted, using forced entry, since no a priori hypothesis was formulated to determine the order of entry of the different predictor variables (including the control variables). Here, no decision was made about the order in which variables were entered accordingly. Descriptive statistics and correlations for the different variables reflected in the regression equation are shown in Table 4.71 below.

Table 4.71 – Descriptive statistics and correlations for Hypothesis 1

		Mean	SD	1	2	3	4	5	6
Pearson Correlation and Sig.	1. Entrepreneurial capitals	3.219	0.8218						
	2. EIA	1.779	0.7354	0.171**					
	3. Age	2.77	0.989	-0.069	0.008				
	4. Gender	1.55	0.498	0.031	0.010	-0.014			
	5. Number of years in business	1.83	0.691	0.078	0.025	0.499**	0.057		
	6. Turnover	1.34	0.475	-0.137**	-0.074	0.419**	-0.019	0.258**	
	7. Level of education	2.21	0.596	-0.286**	-0.170**	0.078	0.114*	-0.027	0.141**

*p<0.05; **p<0.01; after listwise deletion, n = 369

In reflecting on the correlations, initial support is provided for Hypothesis 1, with entrepreneurial identity aspiration being positively and significantly related to entrepreneurial capitals at the 0.01 level. Different assumptions related to the regression were examined:

- Multicollinearity: No evidence of multicollinearity was found, with correlations falling below 0.5 (see Table 4.71). Furthermore, the Variance Inflation Factors

(VIF) and tolerance statistics were found to be at acceptable levels (with no VIF above 10 and no tolerance statistic below 0.1 respectively) (see Table 4.72).

Table 4.72 – Coefficients for regression model (Hypothesis 1)

Model		Unstandardized Coefficients		Standardized 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)	4.019	0.234		17.199	0.000	3.560	4.479					
	Age	-0.057	0.051	-0.068	-1.119	0.264	-0.157	0.043	-0.069	-0.059	-0.055	0.657	1.522
	Gender	0.085	0.083	0.051	1.024	0.307	-0.078	0.247	0.031	0.054	0.051	0.978	1.022
	Number of years in business	0.153	0.069	0.129	2.231	0.026	0.018	0.289	0.078	0.116	0.111	0.737	1.357
	Turnover	-0.178	0.096	-0.103	-1.861	0.064	-0.366	0.010	-0.137	-0.097	-0.092	0.808	1.238
	Education	-0.370	0.070	-0.268	-5.294	0.000	-0.507	-0.232	-0.286	-0.268	-0.263	0.957	1.044
2	(Constant)	3.726	0.263		14.178	0.000	3.210	4.243					
	Age	-0.061	0.051	-0.074	-1.210	0.227	-0.161	0.038	-0.069	-0.063	-0.060	0.656	1.524
	Gender	0.079	0.082	0.048	0.964	0.336	-0.082	0.241	0.031	0.051	0.047	0.978	1.023
	Number of years in business	0.151	0.068	0.127	2.213	0.028	0.017	0.285	0.078	0.116	0.109	0.737	1.357
	Turnover	-0.163	0.095	-0.094	-1.714	0.087	-0.350	0.024	-0.137	-0.090	-0.084	0.804	1.244
	Education	-0.342	0.070	-0.249	-4.869	0.000	-0.481	-0.204	-0.286	-0.248	-0.240	0.932	1.073
	EIA	0.133	0.056	0.119	2.377	0.018	0.023	0.243	0.171	0.124	0.117	0.965	1.036

a. Dependent Variable: entrepreneurial capitals

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.14 was analysed for outliers. Using Tabachnick and Fidell's (2007) definition of outliers as cases with standardised residuals of more than +3.3 and less than -3.3, only one marginal outlier was discernible. However, this appears to fall just within the acceptable range.

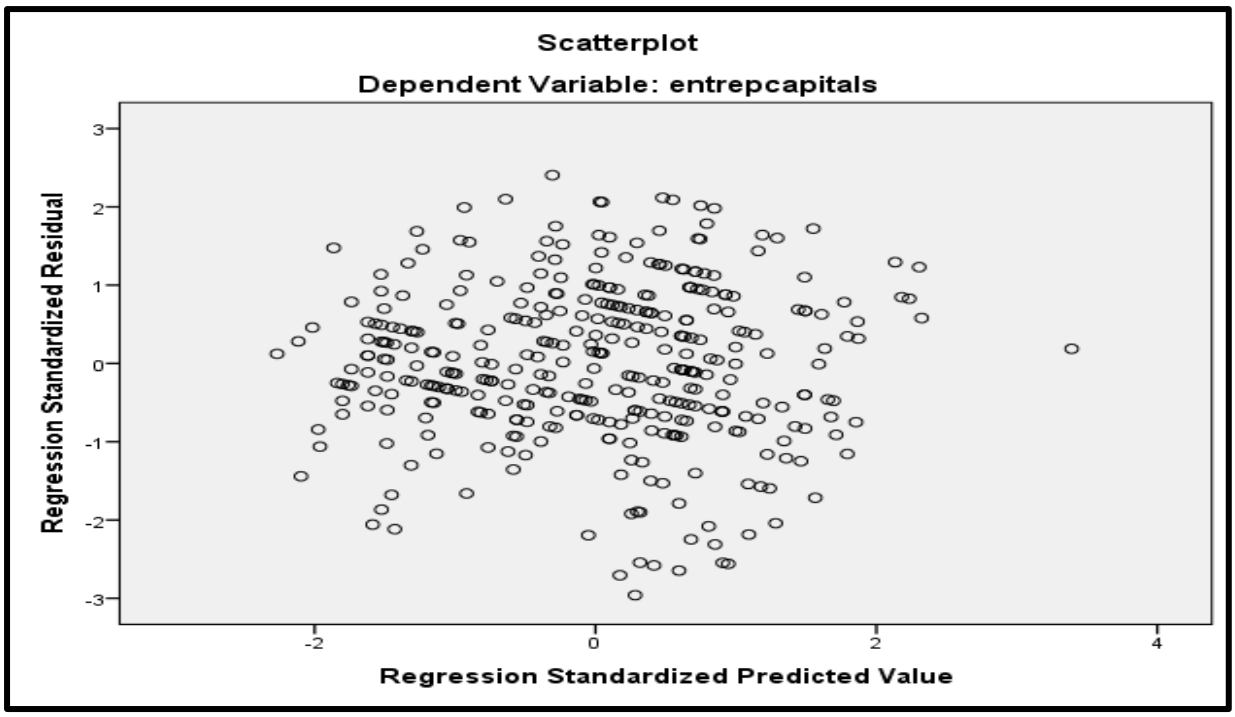


Figure 4.14 – Scatterplot for hypothesis 1

Normality was assessed using the histogram (figure 4.15) and P-P plot (figure 4.16).

Both indicate that data is normally distributed.

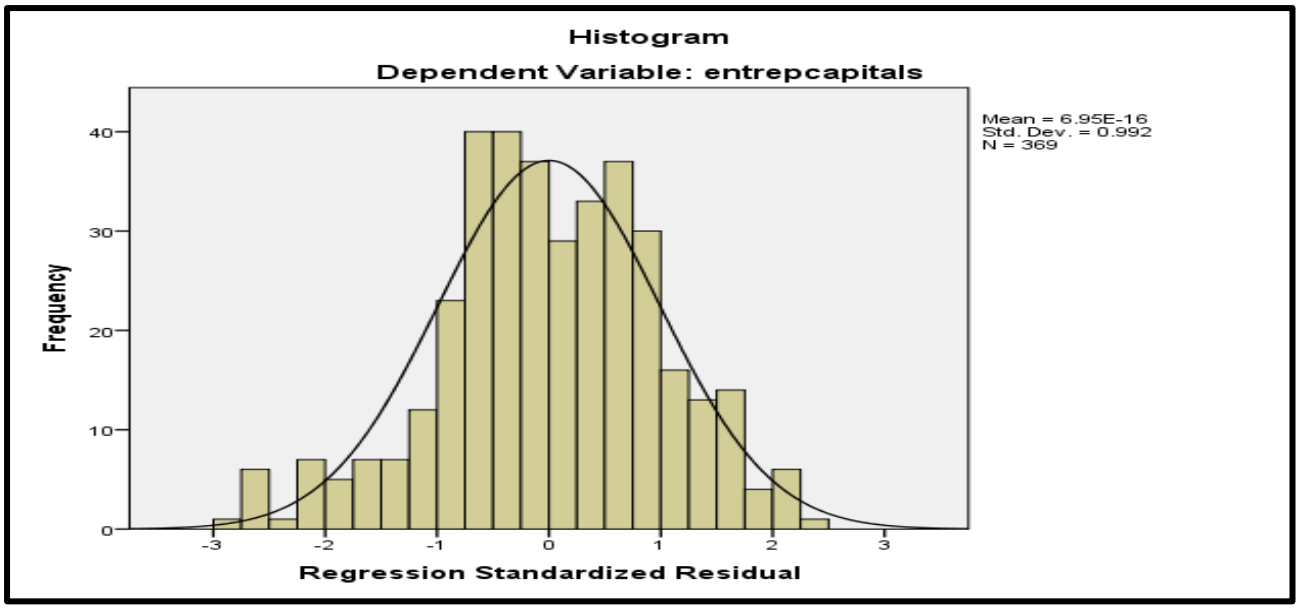


Figure 4.15 – Histogram for Hypothesis 1

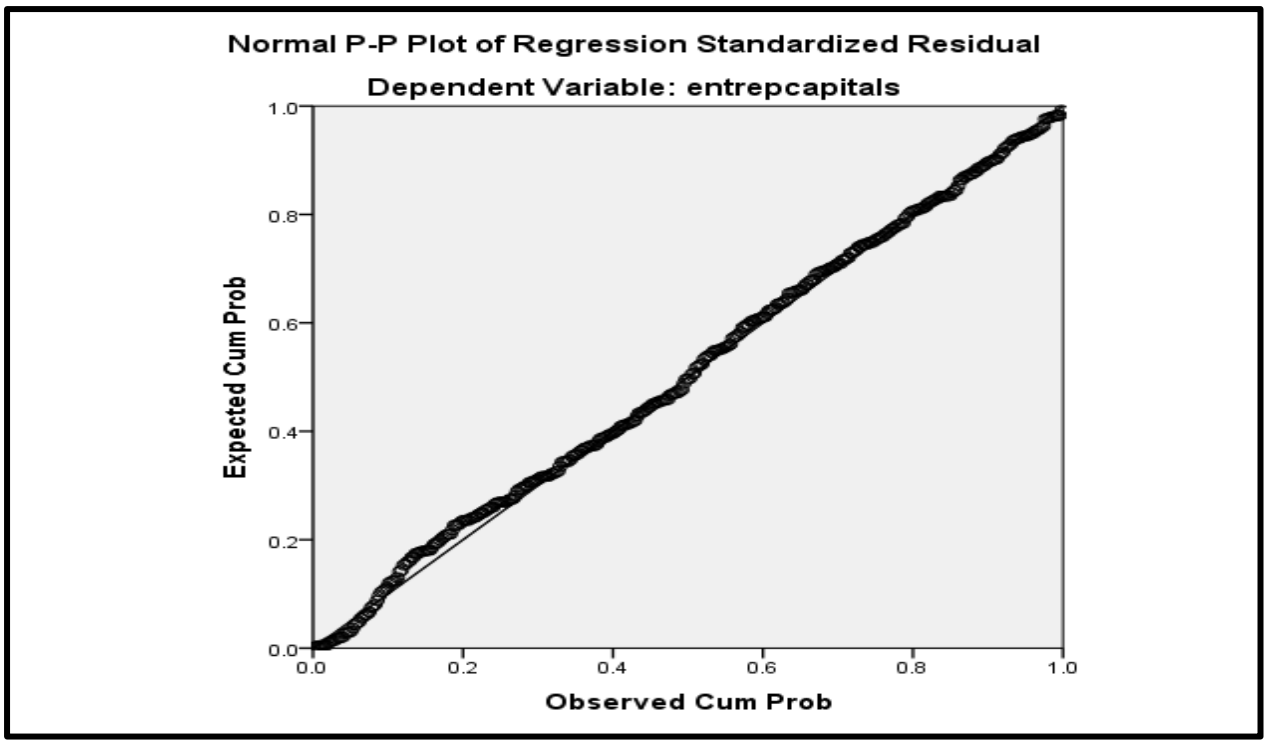


Figure 4.16 – P-P plot for Hypothesis 1

Table 4.73 summarises the results of the regression. The R^2 of 0.107, for step one, suggests about 11% of variance in the attainment of entrepreneurial capitals was accounted for by the different control variables while the R^2 of 0.121, for step two, suggests that entrepreneurial identity aspiration contributed and explained another 1% of total variance. Entrepreneurial identity aspiration was additionally significantly and positively correlated to entrepreneurial capitals in the second step (β=0.119; $p<0.05$). In both instances, the regression model was significant (step one – $F = 8.713$; $p < 0.001$; step two - ($F = 8.295$; $p<0.001$). Therefore support was thus found for Hypothesis 1 that entrepreneurial aspiration was positively related to the attainment of entrepreneurial capital. The alternative hypothesis was thus accepted.

Table 4.73 – Multiple regression table for Hypothesis 1

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.107***	0.095			
(Constant)			4.019	0.234	
Age			-0.057	0.051	-0.068
Gender			0.085	0.083	0.051
Number of years in business			0.153	0.069	0.129*
Turnover			-0.178	0.096	-0.103
Education			-0.370	0.070	-0.268***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.121***	0.106			
(Constant)			3.726	0.263	
Age			-0.061	0.051	-0.074
Gender			0.079	0.082	0.048
Number of years in business			0.151	0.068	0.127*
Turnover			-0.163	0.095	-0.094
Education			-0.342	0.070	-0.249***
Entrepreneurial identity aspiration			0.133	0.056	0.119*

*p<0.05; ***p<0.001

In discussing the first hypothesis, what was apparent therefore was the relative strategic value attached to resources by young black entrepreneurs located in the informal economy. There is very little empirical research on the relationship between entrepreneurial identity aspiration and the attainment of resources. What is known is that entrepreneurial success is broadly predicated on the individual's ability to accumulate the right type of resources (both heterogeneous and idiosyncratic in nature) in the correct quantities (Alavarez and Busenitz, 2001). This additionally resonates with Bourdieu (1984, 1986) to the extent that capitals are used to attain competitive advantage in a particular field. It is not inconceivable, therefore, that young black entrepreneurs might, through aspiring to become 'real entrepreneurs', intuitively harness resources in a bid to entrench their superiority. This, in turn, might go to the symbolic worth attributed to the resource, and the resultant signalling that

ensues. Thus, as young black entrepreneurs aspire to an entrepreneurial identity, so they garner more resources, in a bid to signal their intent.

4.5.2 Exploring the relationship between entrepreneurial capitals and legitimacy

In Hypothesis 1, entrepreneurial identity aspiration was found to be positively and significantly related to the attainment of entrepreneurial capitals. The role of entrepreneurial capitals, however, bears further analysis, for they also have a bearing on entrepreneurial legitimacy. That is, to what extent do young black entrepreneurs in the informal economy use resources to legitimate themselves? This might be answered by suggesting that legitimation is attained by means formalisation and entrepreneurial performance. To this end, the following hypotheses are formulated:

H2a (alternative):

The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to the desirability of formalisation.

H2a (null):

There is no significant relationship between the attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy and the desirability to formalise.

H2b (alternative)

The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to entrepreneurial performance.

H2b (null)

There is no positive significant relationship between the attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy and entrepreneurial performance.

In order to test these hypotheses, separate multiple regressions were run to predict the relationship between the desirability of formalisation and entrepreneurial performance (outcome variables) and the attainment of entrepreneurial capitals (predictor variable). Each regression will be considered separately below.

4.5.2.1 Hypothesis 2a – the relationship between entrepreneurial capitals and formalisation

A two-step regression was run to test this relationship. In the first step, the same control variables used for Hypothesis 1 were included. The entrepreneurial capital variable was introduced to account for additional variance beyond the control set of variables in the second step.

Again, direct multiple linear regression (OLS) was adopted using forced entry, as no decision was made about the order in which variables were entered. Descriptive statistics and correlations for the different variables are shown in Table 4.74 below.

Table 4.74 – Descriptive statistics and correlations for Hypothesis 2a

		Mean	SD	1	2	3	4	5	6
	1. Formalisation	2.260	0.8013						
	2. Age	2.76	0.988	-0.082					
Pearson	3. Gender	1.55	0.498	0.039	-0.015				
Correlation	4. Number of years in business	1.83	0.693	0.050	0.501***	0.059			
&Sig.	5. Turnover	1.34	0.475	-0.082	0.419***	-0.015	0.259***		
	6. Education	2.21	0.599	-0.358***	0.080	0.113*	-0.026	0.142**	
	7. Entrepreneurial capitals	3.215	0.8212	0.413***	-0.070	0.040	0.077	-0.142**	-0.285***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 369

In reflecting on the correlations, initial support is provided for hypothesis 2a, with entrepreneurial capitals being significantly and positively related to formalisation at the 0.001 level.

Again, different assumptions relating to the regression were examined:

- Multicollinearity: since correlations falling below 0.5, no initial evidence of multicollinearity was found, (see Table 4.74). Moreover, as no VIF was above 10 and no tolerance statistic below 0.1, the VIF and tolerance statistics were found to be at acceptable levels (see table 4.75 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: no outliers were discernible in the scatterplot (Figure 4.17) using Tabachnick and Fidell's (2007) consideration of outliers as cases with standardised residuals of more than +3.3 and less than -3.3.

Table 4.75 – Coefficients for regression model (Hypothesis 2a)

Model		Unstandardized Coefficients		Standardized 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)	3.181	0.224		14.219	0.000	2.741	3.621					
	Age	-0.072	0.049	-0.089	-1.480	0.140	-0.168	0.024	-0.082	-0.078	-0.072	0.656	1.525
	Gender	0.117	0.079	0.073	1.477	0.141	-0.039	0.274	0.039	0.078	0.072	0.978	1.022
	Number of years in business	0.099	0.066	0.086	1.504	0.133	-0.030	0.228	0.050	0.079	0.073	0.735	1.361
	Turnover	-0.027	0.092	-0.016	-0.291	0.771	-0.207	0.154	-0.082	-0.015	-0.014	0.808	1.238
	Education	-0.475	0.067	-0.355	-7.112	0.000	-0.606	-0.344	-0.358	-0.351	-0.347	0.957	1.045
2	(Constant)	1.897	0.284		6.675	0.000	1.338	2.455					
	Age	-0.055	0.046	-0.068	-1.186	0.236	-0.146	0.036	-0.082	-0.062	-0.055	0.654	1.530
	Gender	0.085	0.075	0.053	1.135	0.257	-0.062	0.233	0.039	0.060	0.052	0.974	1.026
	Number of years in business	0.050	0.062	0.043	0.804	0.422	-0.073	0.173	0.050	0.042	0.037	0.725	1.379
	Turnover	0.034	0.087	0.020	0.389	0.697	-0.137	0.205	-0.082	0.021	0.018	0.799	1.251
	Education	-0.357	0.065	-0.266	-5.456	0.000	-0.485	-0.228	-0.358	-0.277	-0.251	0.889	1.125
	Entrepreneurial capitals	0.321	0.048	0.329	6.751	0.000	0.228	0.415	0.413	0.336	0.311	0.891	1.122

a. Dependent Variable: formalisation

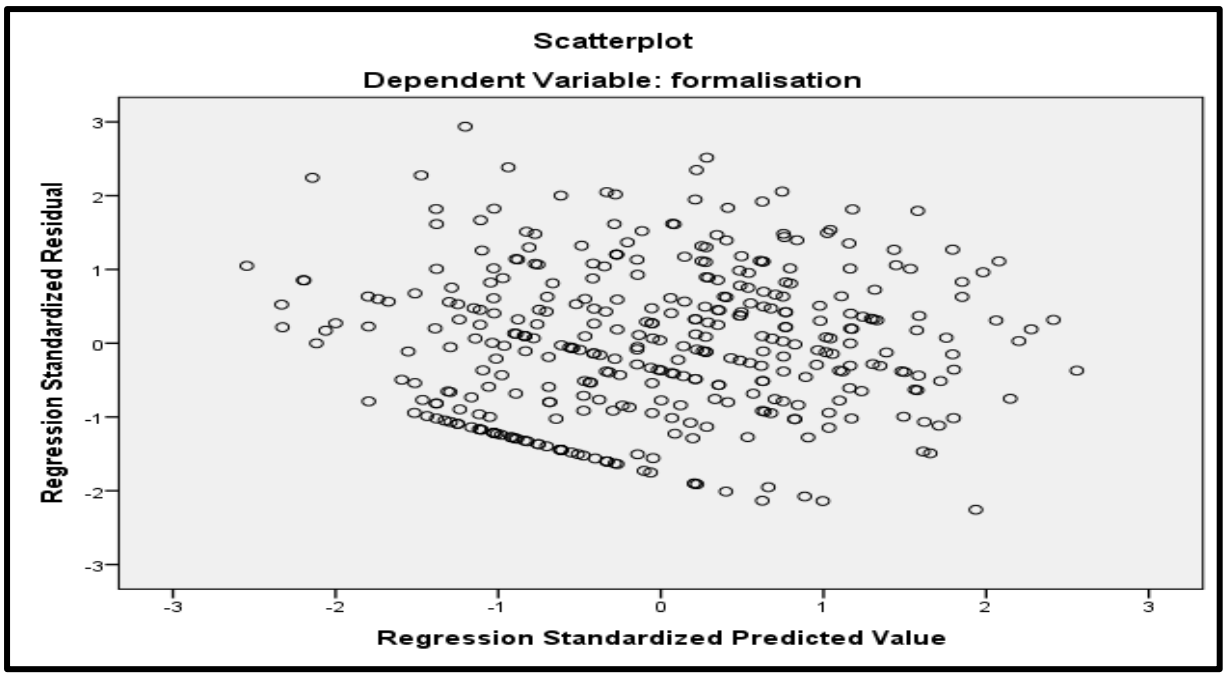


Figure 4.17 – Scatterplot for Hypothesis 2a

Normality was assessed using the histogram (Figure 4.18) and P-P plot (Figure 4.19), with both reflecting a normal distribution of data.

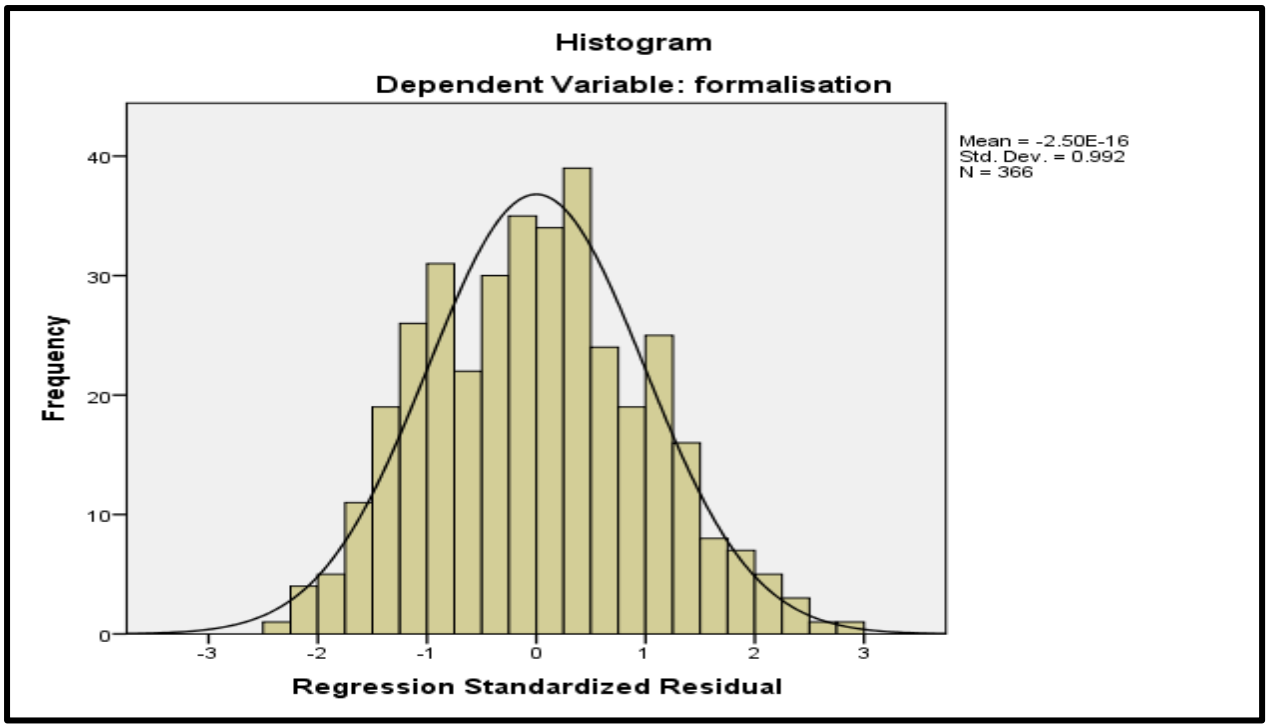


Figure 4.18 – Histogram for Hypothesis 2a

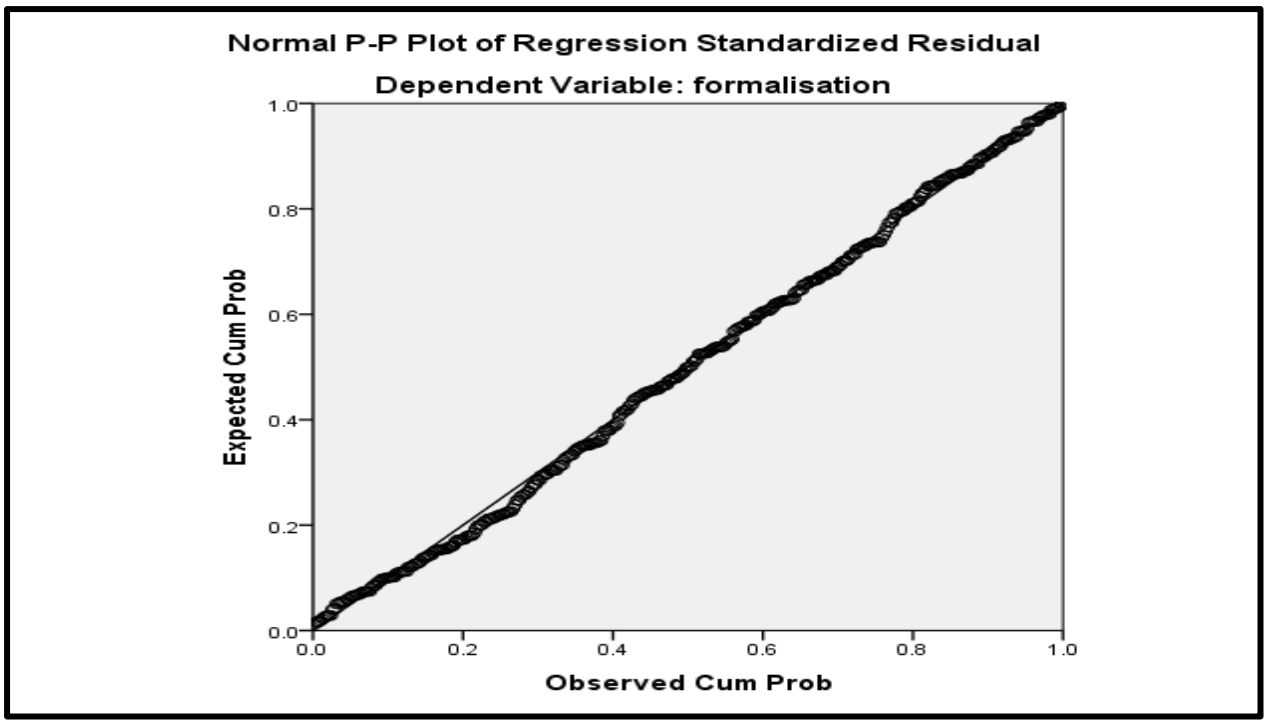


Figure 4.19 – P-P plot for Hypothesis 2a

Results of the regression are summarised in Table 4.76. The R^2 of 0.143 for step one suggests that the different control variables accounted for about 14% of variance in perceptions around the desirability of formalisation. The introduction of entrepreneurial identity aspiration in step two explained a further 10% of total variance (R^2 = 0.239). Entrepreneurial capitals was additionally significantly and positively correlated to perceptions of the desirability of formalisation in the second step (β=0.329, p<0.001). The model was significant in both instances (step 1 – F = 12; p < 0.001; step 2 – F = 18.835; p<0.001). Therefore, support was found for Hypothesis 2a such that the attainment of entrepreneurial capitals was positively related to perceptions around the desirability of formalisation. The alternative hypothesis was accordingly accepted.

Table 4.76 – Multiple regression table for Hypothesis 2a

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.143***	0.131			
(Constant)			3.181	0.224	
Age			-0.072	0.049	-0.089
Gender			0.117	0.079	0.073
Number of years in business			0.099	0.066	0.086
Turnover			-0.027	0.092	-0.016
Education			-0.475	0.067	-0.355***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.239***	0.227			
(Constant)			1.897	0.284	
Age			-0.055	0.046	-0.068
Gender			0.085	0.075	0.053
Number of years in business			0.050	0.062	0.043
Turnover			0.034	0.087	0.020
Education			-0.357	0.065	-0.266***
Entrepreneurial capitals			0.321	0.048	0.329***

*p<0.05; **p<0.01; ***p<0.001

4.5.2.2 Hypothesis 2b – the relationship between entrepreneurial capitals and entrepreneurial performance

To test this relationship, a two-step regression was run, using the different control variables in step one, while entrepreneurial capital was introduced in step two as the predictor variable to account for additional variance.

Multiple linear regression was made use of once more, utilising forced entry. Thus no decision was made about the order in which variables were entered. Table 4.77 reflects the various descriptive statistics and correlations for the different variables.

Table 4.77 – Descriptive statistics and correlations for Hypothesis 2b

		Mean	SD	1	2	3	4	5	6
	1. Entrepreneurial performance	2.399	0.7872						
	2. Age	2.76	0.988	-0.114					
Pearson	3. Gender	1.55	0.498	0.018	-0.017				
Correlation	4. Number of years in business	1.83	0.692	0.025	0.500***	0.057			
& Sig.	5. Turnover	1.34	0.475	-0.172***	0.422***	-0.017	0.259***		
	6. Education	2.21	0.597	-0.301***	0.079	0.115*	-0.027	0.141**	
	7. Entrepreneurial capitals	3.221	0.8225	0.412***	-0.067	0.033	0.079	-0.138**	-0.287***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 369

Initial support is thus provided for Hypothesis 2b, with entrepreneurial capitals being significantly and positively related to entrepreneurial performance (at the 0.001 level).

Different assumptions related to the regression were examined:

- Multicollinearity: no evidence of multicollinearity was found, with correlations in Table 4.77 falling below 0.5. Moreover, the VIF and tolerance statistics were at acceptable levels (with no VIF above 10 and no tolerance statistic below 0.1) (see Table 4.78 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot presented as Figure 4.20 was analysed for outliers. Using Tabachnick and Fidell's (2001) definition of outliers, as cases with standardised residuals of more than +3.3 and less than -3.3, two potential outliers were discernible. However, given the sample size, this was not considered particularly problematic.

Table 4.78 – Coefficients for regression model (Hypothesis 2b)

Model		Unstandardized Coefficients		Standardized 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)	3.381	0.223		15.186	0.000	2.943	3.819					
	Age	-0.068	0.049	-0.085	-1.391	0.165	-0.163	0.028	-0.114	-0.073	-0.069	0.654	1.528
	Gender	0.065	0.079	0.041	0.825	0.410	-0.090	0.220	0.018	0.043	0.041	0.978	1.022
	Number of years in business	0.100	0.065	0.088	1.529	0.127	-0.029	0.229	0.025	0.080	0.075	0.737	1.358
	Turnover	-0.197	0.091	-0.119	-2.158	0.032	-0.376	-0.017	-0.172	-0.113	-0.107	0.805	1.242
	Education	-0.369	0.067	-0.280	-5.543	0.000	-0.500	-0.238	-0.301	-0.280	-0.274	0.957	1.045
2	(Constant)	2.080	0.282		7.364	0.000	1.525	2.636					
	Age	-0.050	0.046	-0.063	-1.099	0.273	-0.141	0.040	-0.114	-0.058	-0.051	0.652	1.533
	Gender	0.037	0.074	0.023	0.492	0.623	-0.110	0.183	0.018	0.026	0.023	0.975	1.026
	Number of years in business	0.051	0.062	0.045	0.820	0.413	-0.071	0.173	0.025	0.043	0.038	0.727	1.376
	Turnover	-0.138	0.086	-0.083	-1.594	0.112	-0.307	0.032	-0.172	-0.084	-0.074	0.797	1.254
	Education	-0.249	0.065	-0.189	-3.823	0.000	-0.377	-0.121	-0.301	-0.197	-0.178	0.888	1.126
	Entrepreneurial capitals	0.324	0.047	0.338	6.871	0.000	0.231	0.416	0.412	0.340	0.320	0.892	1.121

a. Dependent Variable: entrepreneurial performance

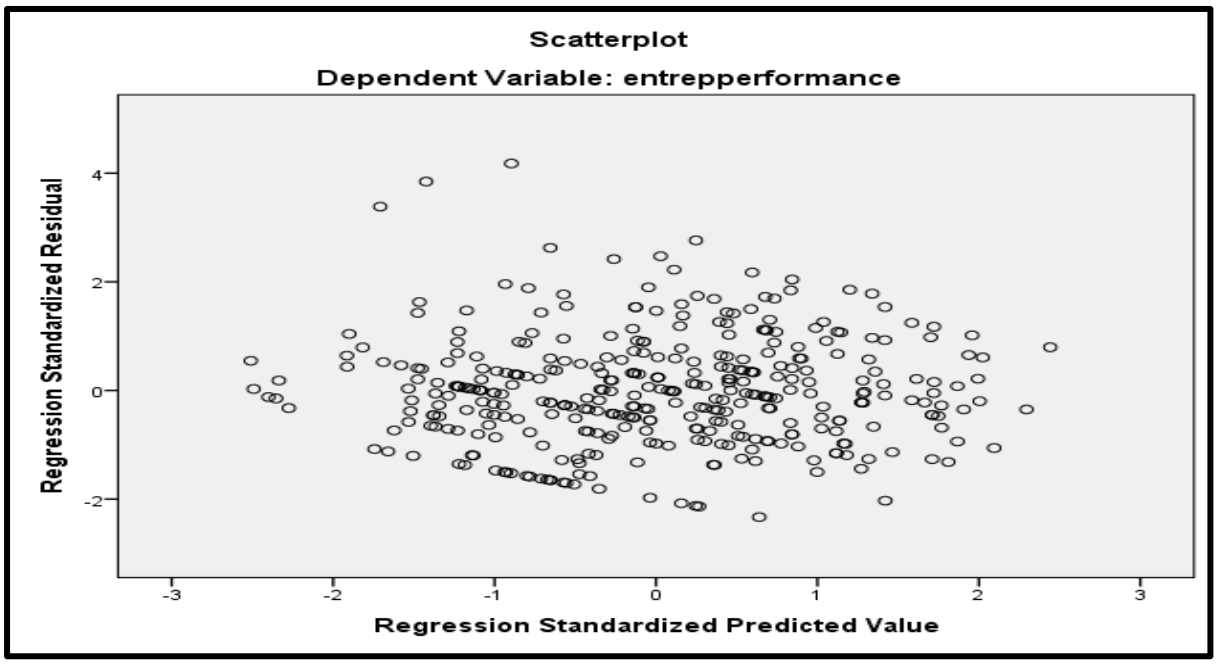


Figure 4.20 – Scatterplot for Hypothesis 2b

Normality was assessed by consideration of the histogram (Figure 4.21) and P-P plot (Figure 4.22). Both indicated that data was fairly normally distributed.

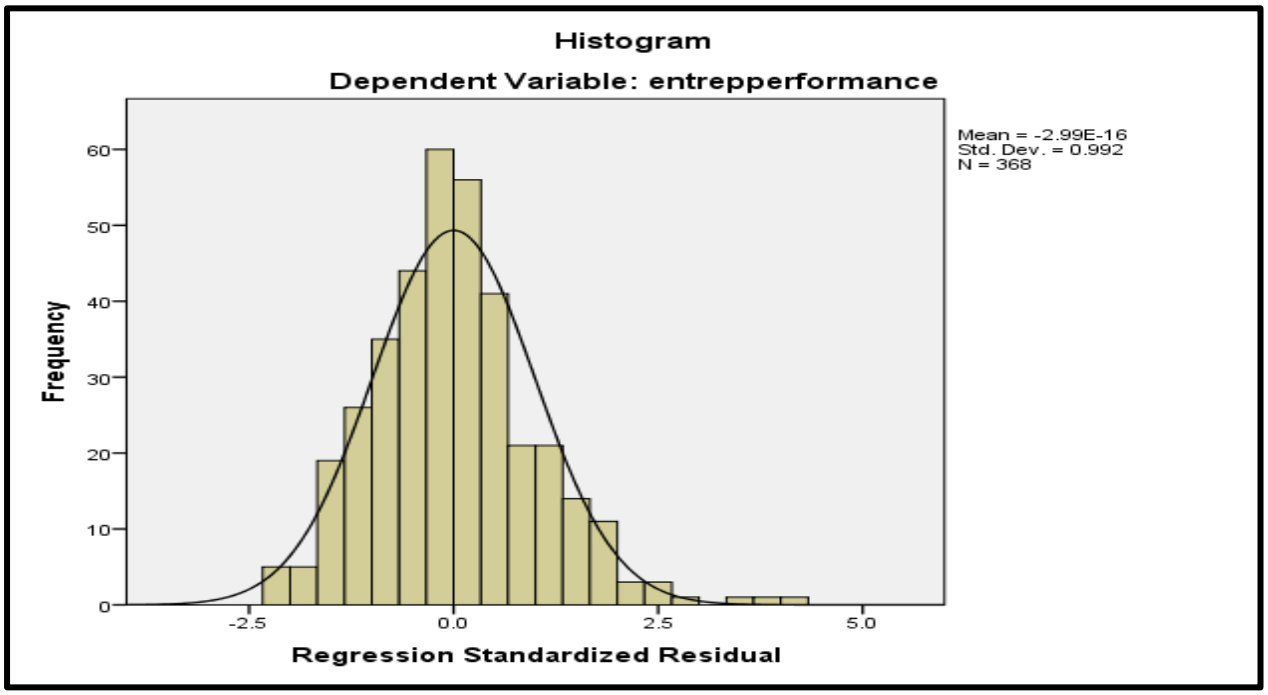


Figure 4.21 – Histogram for Hypothesis 2b

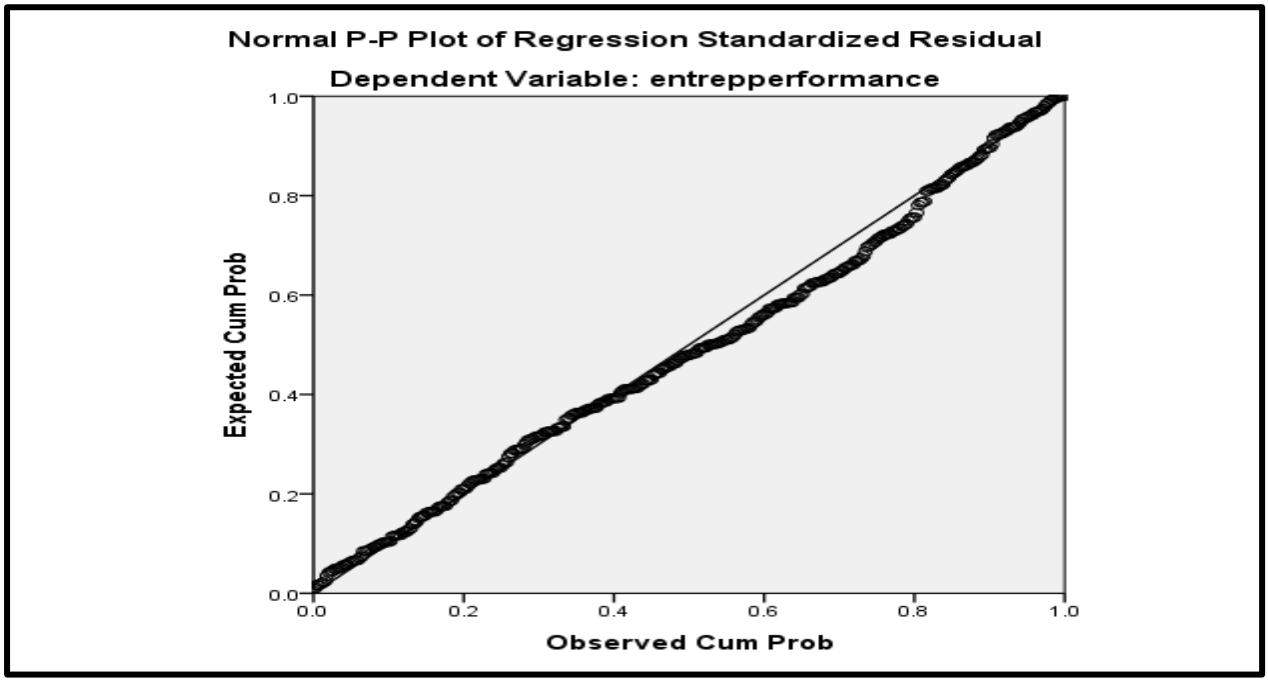


Figure 4.22 – P-P plot for Hypothesis 2b

Table 4.79 summarises the results of the regression. The R^2 of 0.117 for step one implied that about 12% of variance in entrepreneurial performance was accounted for by the different control variables. The R^2 of 0.219 for step two suggested that entrepreneurial capitals accounted for a further 10% of total variance. Furthermore, the attainment of entrepreneurial capitals was significantly and positively correlated to entrepreneurial performance in the second step ($\beta = 0.338$, $p<0.01$). The model was found to significant overall (step one – $F = 9.605$; $p < 0.001$; step two – $F = 16.894$; $p<0.001$). Therefore, support was found for Hypothesis 2b such that the attainment of entrepreneurial capitals was positively related to entrepreneurial performance. The alternative hypothesis was therefore accepted.

Table 4.79 – Multiple regression table for Hypothesis 2b

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.117***	0.105			
(Constant)			3.381	0.223	
Age			-0.068	0.049	-0.085
Gender			0.065	0.079	0.041
Number of years in business			0.100	0.065	0.088
Turnover			-0.197	0.091	-0.119*
Education			-0.369	0.067	-0.280***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.219***	0.206			
(Constant)			-0.050	0.046	
Age			0.037	0.074	-0.063
Gender			0.051	0.062	0.023
Number of years in business			-0.138	0.086	0.045
Turnover			-0.249	0.065	-0.083
Education			0.324	0.047	-0.189***
Entrepreneurial capitals			-0.050	0.046	0.338***

*p<0.05; **p<0.01; ***p<0.001

4.5.2.3 Reflecting on hypothesis 2

The findings for the second hypothesised relationship between entrepreneurial capitals and entrepreneurial legitimacy, such that entrepreneurial capitals was significantly and positively related to both perceptions of formalisation and entrepreneurial performance, supports the theoretical foundation underpinning the relationship. Success, as well as, the ability to formalise is predicated on the right type of resources. Moreover, legitimacy, here, is taken to represent symbolic capital. Entrepreneurs, who are opportunity- focussed, might demonstrate superiority through the attainment of greater resources, and hence the concomitant attainment of greater legitimacy (Thurlow and Jaworski, 2006). The notion of signalling is additionally important here, to the extent that youth entrepreneurs in attaining relative entrepreneurial success are again able to demonstrate their social attractiveness through the acquisition of resources (Bird and Smith's, 2005).

To some extent, De Clercq and Voronov's (2009b) support the relationship between legitimacy and resource acquisition. Here, their consideration of legitimacy, which incorporates notions of 'fitting in' and 'standing out' is not dissimilar. Formalisation, which suggests conformity, is similarly attributable to 'fitting in' (or playing according to the rules) whilst, entrepreneurial performance (which implies the building of a reputation through opportunity identification and innovation) goes to 'standing out'. The relationship between the attainment of resources and legitimacy is further considered by Zimmerman and Zeitz (2002) in their legitimacy process model. For them, legitimacy, in the guise of appropriateness, acceptance and desirability, is a resource which begets other resources, in much the same way that symbolic capital operates. At the same time, more resources might lead to greater legitimacy too.

The more resources a business has, the more it grows, which in turn leads to greater legitimacy.

4.5.3 The moderating influence of entrepreneurial self-efficacy and entrepreneurial motives

Hypotheses 3 and 4 investigate the influence of moderating variables. Hypothesis 3 considers the moderating effect of entrepreneurial self-efficacy (ESE) on the relationship between entrepreneurial identity aspiration (EIA) and entrepreneurial capitals, as well as entrepreneurial capitals and entrepreneurial legitimacy. Hypothesis 4, on the other hand tests the mediating effect of entrepreneurial motives in the same manner. Baron and Kenny's (1986) conceptualisation of a moderating model is used such that three different steps are performed for each regression to test the influence of the predictor, the moderator and the product of the predictor and moderator. The moderator hypothesis is supported if the product is significant. Hypotheses for the different moderators are considered separately below.

4.5.3.1 The moderating influence of ESE

Hypotheses 3a, 3b and 3c are thus stated:

H3a (alternative):

Entrepreneurial self-efficacy moderates the relationship between entrepreneur identity aspiration and resource acquisition such that the relationship will be stronger for individuals with higher levels ESE.

H3a (null):

Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur identity aspiration and resource acquisition.

H3b (alternative):

Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and the perception of the desirability of formality such that the relationship will be stronger for individuals with higher levels ESE.

H3b (Null):

Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur resource acquisition and the perception of the desirability of formality.

H3c (alternative):

Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and entrepreneurial performance such that the relationship will be stronger for individuals with higher levels ESE.

H3c (null):

Entrepreneurial self-efficacy does not moderate the relationship between entrepreneur resource acquisition and entrepreneurial performance.

Each of these will be tested separately below.

4.5.3.1.1 The moderating influence of ESE on the relationship between entrepreneurial identity aspiration and entrepreneurial capitals

A three- step regression was run to investigate the significance of the moderator hypothesis. In step one, the different control variables used in Hypotheses 1 and 2 were included together with the moderator variable, entrepreneurial self-efficacy. In the second step, the predictor variable, entrepreneurial identity aspiration, was included, while in the third step, the interaction between ESE and entrepreneurial identity aspiration was included[27]. The predictor and moderating variables were centred before computing the interaction variable using grand mean centring (Field, 2009). This was done to address initial problems of multicollineariaty that were detected in the initial multiple regression analysis using an uncentred interaction variable.

Direct multiple linear regression was again employed using forced entry (with no decision being made about the order in which variables were entered accordingly). Descriptive statistics and correlations for the different variables are reflected in Table 4.80 below.

[27] Farmer et al.'s (2011) sequence of loading was followed in this particular instance

Table 4.80 – Descriptive statistics and correlations for Hypothesis 3a

		Mean	SD	1	2	3	4	5	6	7	8
	1. Entrepreneurial capitals	3.228	0.8197								
	2. Age	2.77	0.982	-0.084							
	3. Gender	1.55	0.498	0.032	-0.014						
Pearson	**4. Number of years in business**	1.83	0.689	0.076	0.504***	0.046					
Correlation	**5. Turnover**	1.34	0.475	-0.146**	0.417***	-0.025	0.251***				
& Sig.	**6. Education**	2.21	0.599	-0.292***	0.078	0.114*	-0.027	0.141**			
	7. ESE	1.986	0.6347	0.038	-0.075	0.027	-0.025	-0.154**	-0.168**		
	8. EIA	1.783	0.7369	0.171**	0.015	0.012	0.028	-0.072	-0.173***	0.300***	
	9. ESE x EIA	0.1399	0.54648	0.050	-0.006	0.026	-0.470	0.001	-0.099*	0.188***	0.431***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 365

In reflecting on the correlations, there is an initial lack of support for Hypothesis 3a in evidence, as the interaction is unrelated to entrepreneurial capitals.

Different assumptions relating to the regression were examined:

- Multicollinearity: multicollinearity was not evident when reflecting on Table 4.80, with no correlations of 1 discernible. Furthermore, VIF and tolerance statistics were at acceptable levels for steps one and two (below 10 and above 0.1 respectively) (see Table 4.81 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.23 shows no evidence of outliers, with standardised residuals falling within Tabachnick and Fidell's (2007) prescribed range of between +3.3 and -3.3.

Table 4.81 – Coefficients for regression model (Hypothesis 3a)

Model		Unstandardized Coefficients		Standardized 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)	4.159	0.286		14.520	0.000	3.596	4.723					
	Age	-0.073	0.051	-0.088	-1.429	0.154	-0.174	0.028	-0.084	-0.075	-0.071	0.653	1.531
	Gender	0.089	0.083	0.054	1.080	0.281	-0.073	0.252	0.032	0.057	0.054	0.978	1.022
	Number of years in business	0.162	0.069	0.136	2.353	0.019	0.027	0.298	0.076	0.123	0.117	0.735	1.361
	Turnover	-0.185	0.096	-0.107	-1.930	0.054	-0.374	0.003	-0.146	-0.101	-0.096	0.799	1.252
	Education	-0.379	0.070	-0.277	-5.395	0.000	-0.518	-0.241	-0.292	-0.274	-0.268	0.935	1.069
	ESE	-0.039	0.066	-0.030	-0.593	0.554	-0.168	0.090	0.038	-0.031	-0.029	0.953	1.050
2	(Constant)	3.950	0.295		13.371	0.000	3.369	4.531					
	Age	-0.080	0.051	-0.095	-1.562	0.119	-0.180	0.021	-0.084	-0.082	-0.077	0.652	1.535
	Gender	0.085	0.082	0.052	1.040	0.299	-0.076	0.247	0.032	0.055	0.051	0.978	1.023
	Number of years in business	0.160	0.068	0.135	2.344	0.020	0.026	0.295	0.076	0.123	0.116	0.735	1.361
	Turnover	-0.177	0.095	-0.102	-1.853	0.065	-0.364	0.011	-0.146	-0.098	-0.091	0.798	1.253
	Education	-0.356	0.070	-0.260	-5.057	0.000	-0.494	-0.217	-0.292	-0.259	-0.249	0.920	1.087
	ESE	-0.088	0.068	-0.068	-1.290	0.198	-0.221	0.046	0.038	-0.068	-0.064	0.880	1.136
	EIA	0.151	0.058	0.136	2.594	0.010	0.036	0.265	0.171	0.136	0.128	0.891	1.123
3	(Constant)	3.934	0.299		13.174	0.000	3.347	4.522					
	Age	-0.080	0.051	-0.095	-1.557	0.120	-0.180	0.021	-0.084	-0.082	-0.077	0.652	1.535
	Gender	0.086	0.082	0.052	1.050	0.295	-0.075	0.248	0.032	0.056	0.052	0.977	1.024
	Number of years in business	0.159	0.069	0.133	2.306	0.022	0.023	0.294	0.076	0.121	0.114	0.731	1.368
	Turnover	-0.174	0.096	-0.101	-1.824	0.069	-0.362	0.014	-0.146	-0.096	-0.090	0.795	1.258
	Education	-0.357	0.070	-0.261	-5.061	0.000	-0.495	-0.218	-0.292	-0.259	-0.250	0.919	1.088
	ESE	-0.086	0.068	-0.066	-1.259	0.209	-0.220	0.048	0.038	-0.067	-0.062	0.876	1.141
	EIA	0.160	0.063	0.144	2.529	0.012	0.036	0.285	0.171	0.133	0.125	0.749	1.335
	Interaction (ESE x EIA)	-0.032	0.083	-0.021	-0.382	0.702	-0.194	0.131	0.050	-0.020	-0.019	0.802	1.247

a. Dependent Variable: entrepreneurial capitals

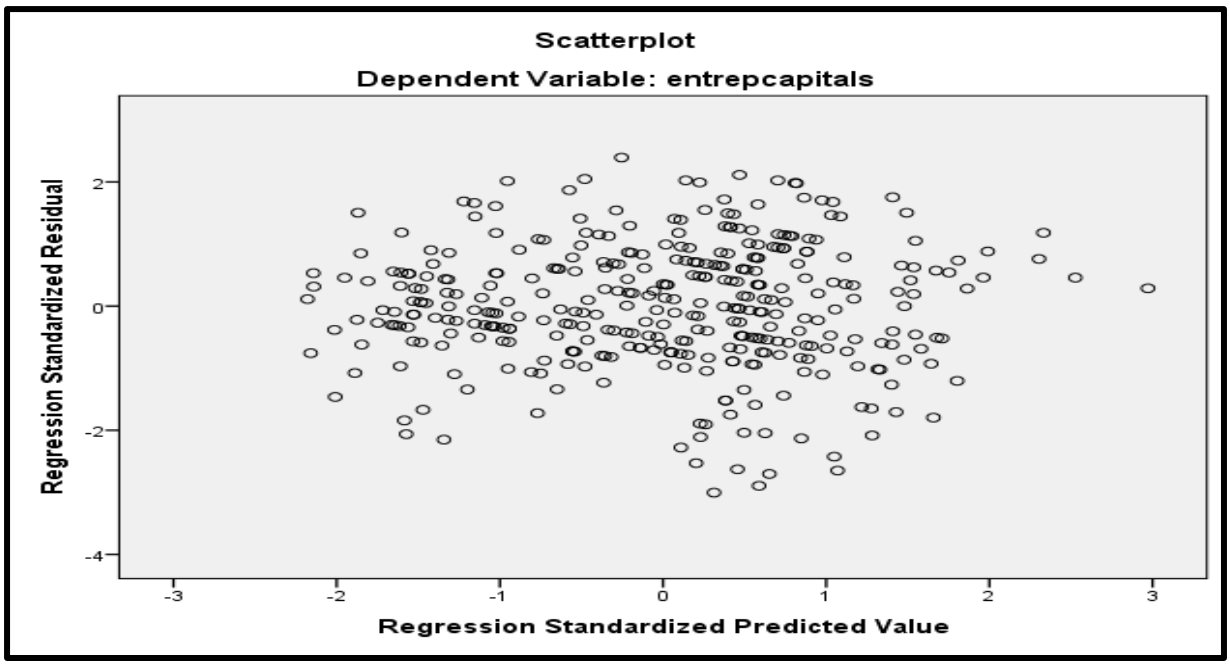


Figure 4.23 – Scatterplot for Hypothesis 3a

Both the histogram (Figure 4.24) and P-P plot (Figure 4.25) indicated that data was normally distributed.

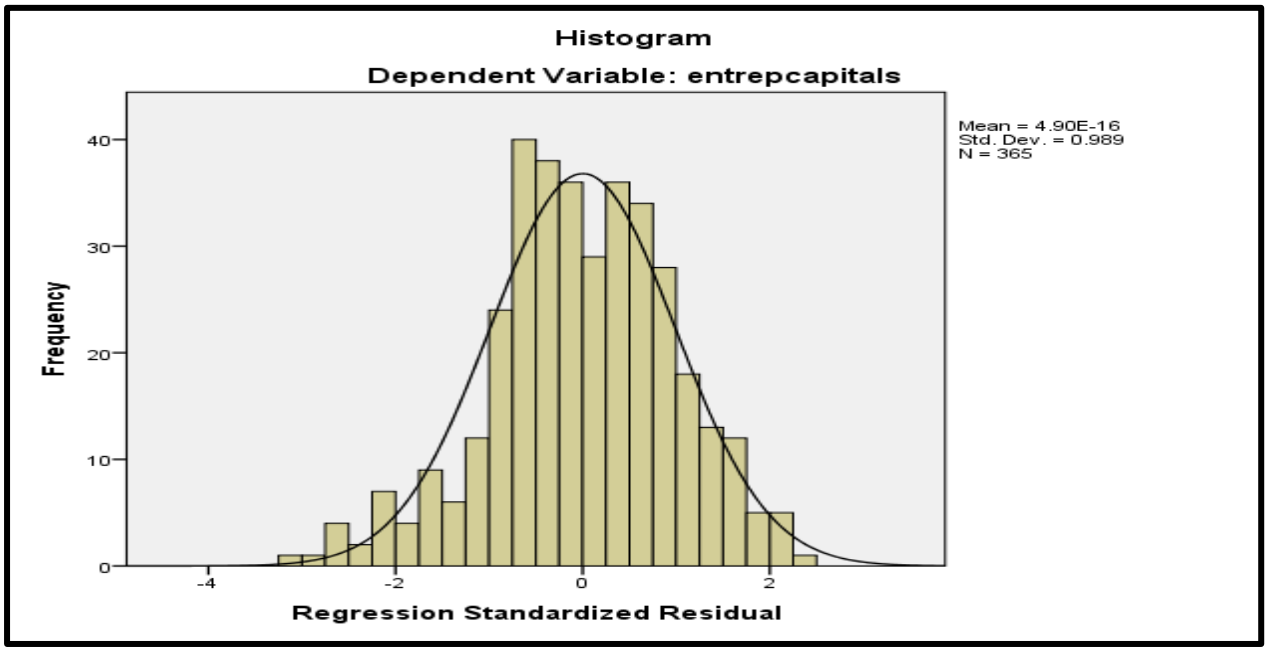


Figure 4.24 – Histogram for Hypothesis 3a

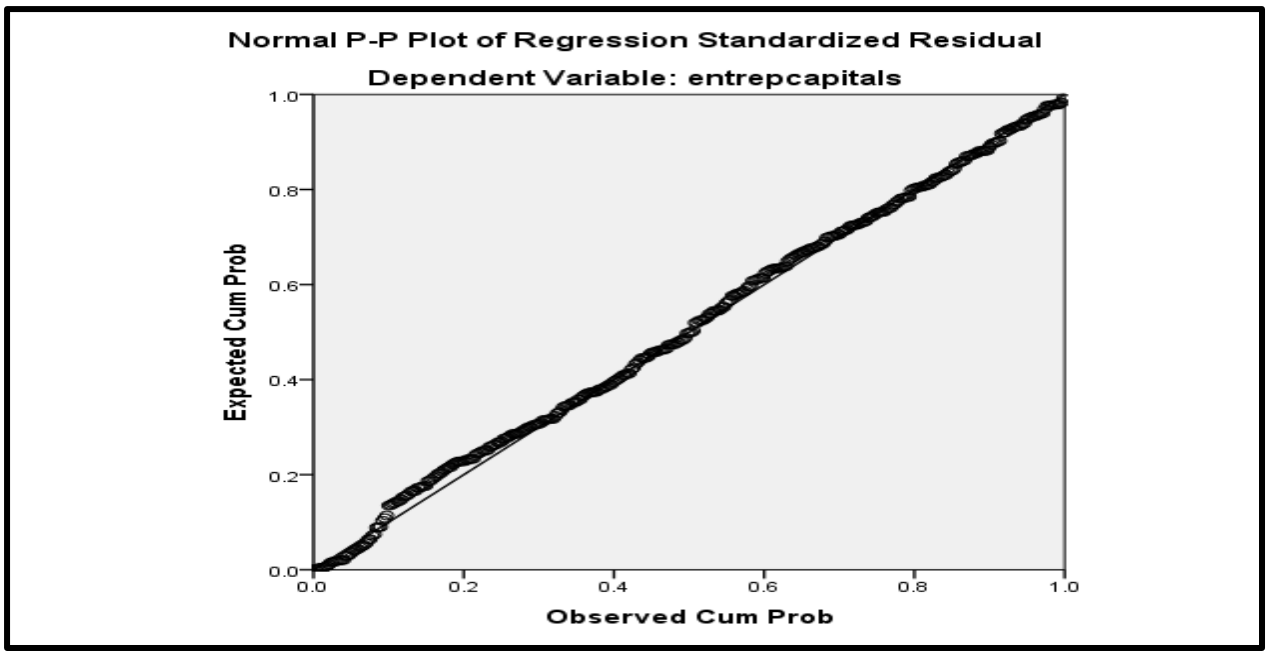


Figure 4.25 – P-P plot for Hypothesis 3a

Table 4.82 summarises the results of the regression. The R^2 of 0.115 for step one suggests the different control variables and the moderator variable, ESE, accounted for 11.5% of variance in entrepreneurial performance. The R^2 of 0.131 for step two suggests that entrepreneurial identity aspiration contributed a further 1.6% of total variance. The introduction of the interaction variable (ESE x entrepreneurial identity aspiration) accounted for a marginal 0.1% of total variance, with a R^2 for step three of 0.132. In all three instances, the model is significant (step one – $F = 7.752$; $p < 0.001$; step two – $F = 7.712$; $p<0.001$; step three – $F = 6.750$; $p=0.001$). While some variance was added through the inclusion of the interaction variable, the effect was very small. No significant relationship was found between the interaction variable and entrepreneurial capitals (β=-0.021). Therefore, no support is found for Hypothesis 3a, and the alternative hypothesis is rejected.

Table 4.82 – Multiple regression table for Hypothesis 3a

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.115***	0.100			
(Constant)			4.159	0.286	
Age			-0.073	0.051	-0.088
Gender			0.089	0.083	0.054
Number of years in business			0.162	0.069	0.136*
Turnover			-0.185	0.096	-0.107
Education			-0.379	0.070	-0.277***
Entrepreneurial Self-Efficacy			-0.039	0.066	-0.030
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.131***	0.114			
(Constant)			3.950	0.295	
Age			-0.080	0.051	-0.095
Gender			0.085	0.082	0.052
Number of years in business			0.160	0.068	0.135*
Turnover			-0.177	0.095	-0.102
Education			-0.356	0.070	-0.260***
Entrepreneurial Self-Efficacy			-0.088	0.068	-0.068
EIA			0.151	0.058	0.136*
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.132***	0.112			
(Constant)			3.934	0.299	
Age			-0.080	0.051	-0.095
Gender			0.086	0.082	0.052
Number of years in business			0.159	0.069	0.133*
Turnover			-0.174	0.096	-0.101
Education			-0.357	0.070	-0.261***
ESE			-0.086	0.068	-0.066
EIA			0.160	0.063	0.144*
ESE x EIA			-0.032	0.083	-0.021

*p<0.05; **p<0.01; ***p<0.001

4.5.3.1.2 The moderating influence of ESE on the relationship between entrepreneurial capitals and formalisation

Once again, a three-step regression was run to investigate the significance of the moderator hypothesis, and its influence on formalisation. In step one, the different

control variables were included together with the moderator variable, entrepreneurial self-efficacy. The second step involved the inclusion of the predictor variable, namely, entrepreneurial capitals. In the third step, the interaction variable, ESE x entrepreneurial capitals, was incorporated. It was necessary to once centre both the predictor and moderating variables using grand mean centring (Field, 2009) so as to address initial problems of multicollinearity.

No decision was made about the order in which variables were entered, thus multiple linear regression was adopted using forced entry. Various descriptive statistics and correlations for the different variables are reflected in Table 4.83.

Table 4.83 – Descriptive statistics and correlations for Hypothesis 3b

		Mean	SD	1	2	3	4	5	6	7	8
Pearson Correlation& Sig.	1. Formalisation	2.266	0.8020								
	2. Age	2.77	0.980	-0.078							
	3. Gender	1.56	0.498	0.036	-0.016						
	4. Number of years in business	1.83	0.692	0.049	0.505***	0.047					
	5. Turnover	1.34	0.475	-0.084	0.417***	-0.022	0.252***				
	6. Education	2.21	0.602	-0.363***	0.080	0.113*	-0.027	0.142**			
	7. ESE	1.986	0.6334	0.281***	-0.074	0.021	-0.025	-0.146**	-0.168**		
	8. Entrepreneurial Capitals	3.223	0.8192	0.414***	-0.085	0.042	0.075	-0.151**	-0.292***	0.044	
	9. ESE x Entrepreneurial Capitals	6.4234	2.72026	-0.103*	-0.146**	0.004	-0.081	-0.127**	0.046	0.050	0.118*

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 362

In reflecting on Table 4.83, the interaction was significantly and negatively related to formalisation at the 0.05 level. Given the directionality of the relationship, no initial support was found for Hypothesis 3b accordingly.

The following assumptions relating to the regression were once again examined:

- Multicollinearity: no correlations of one are apparent in Table 4.83, therefore no evidence for multicollinearity was found. Furthermore, no VIFs were above

10 and no tolerance statistics are below 0.1. Thus both are at acceptable levels (see Table 4.84 below).

Table 4.84 – Coefficients for regression model (Hypothesis 3b)

Model		Unstandardized Coefficients		Standardized 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)	2.494	0.269		9.287	0.000	1.966	3.023					
	Age	-0.064	0.048	-0.078	-1.321	0.187	-0.159	0.031	-0.078	-0.070	-0.063	0.652	1.535
	Gender	0.103	0.078	0.064	1.324	0.186	-0.050	0.256	0.036	0.070	0.063	0.979	1.022
	Number of years in business	0.093	0.065	0.080	1.436	0.152	-0.034	0.220	0.049	0.076	0.068	0.733	1.364
	Turnover	0.014	0.090	0.008	0.158	0.875	-0.163	0.191	-0.084	0.008	0.008	0.801	1.249
	Education	-0.434	0.066	-0.325	-6.596	0.000	-0.563	-0.304	-0.363	-0.330	-0.315	0.935	1.070
	ESE	0.282	0.062	0.222	4.557	0.000	0.160	0.403	0.281	0.235	0.217	0.955	1.047
2	(Constant)	1.149	0.317		3.626	0.000	0.526	1.772					
	Age	-0.041	0.045	-0.050	-0.891	0.373	-0.130	0.049	-0.078	-0.047	-0.040	0.648	1.543
	Gender	0.069	0.073	0.043	0.943	0.346	-0.075	0.213	0.036	0.050	0.042	0.974	1.026
	Number of years in business	0.040	0.061	0.035	0.658	0.511	-0.080	0.160	0.049	0.035	0.029	0.722	1.385
	Turnover	0.078	0.085	0.046	0.914	0.362	-0.089	0.245	-0.084	0.049	0.041	0.792	1.263
	Education	-0.311	0.064	-0.233	-4.845	0.000	-0.437	-0.185	-0.363	-0.249	-0.217	0.865	1.156
	ESE	0.291	0.058	0.230	5.022	0.000	0.177	0.405	0.281	0.258	0.225	0.955	1.048
	Entrepreneurial capitals	0.327	0.047	0.334	7.013	0.000	0.235	0.419	0.414	0.349	0.314	0.883	1.132
3	(Constant)	1.197	0.318		3.763	0.000	0.571	1.822					
	Age	-0.047	0.046	-0.058	-1.039	0.300	-0.137	0.042	-0.078	-0.055	-0.046	0.641	1.560
	Gender	0.069	0.073	0.043	0.944	0.346	-0.075	0.212	0.036	0.050	0.042	0.974	1.026
	Number of years in business	0.042	0.061	0.036	0.685	0.494	-0.078	0.162	0.049	0.036	0.031	0.722	1.385
	Turnover	0.066	0.085	0.039	0.781	0.435	-0.101	0.234	-0.084	0.042	0.035	0.785	1.274
	Education	-0.308	0.064	-0.231	-4.797	0.000	-0.434	-0.181	-0.363	-0.247	-0.214	0.864	1.157
	ESE	0.295	0.058	0.233	5.082	0.000	0.181	0.409	0.281	0.261	0.227	0.953	1.049
	Entrepreneurial capitals	0.318	0.047	0.325	6.776	0.000	0.226	0.411	0.414	0.339	0.303	0.868	1.151
	Interaction (ESE x entrepreneurial capitals)	-0.106	0.073	-0.066	-1.446	0.149	-0.250	0.038	-0.103	-0.077	-0.065	0.951	1.052

a. Dependent Variable: formalisation

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.23 was analysed for outliers. No evidence was found as all standardised residuals were found to fall within an acceptable range (Tabachnick and Fidell, 2007).

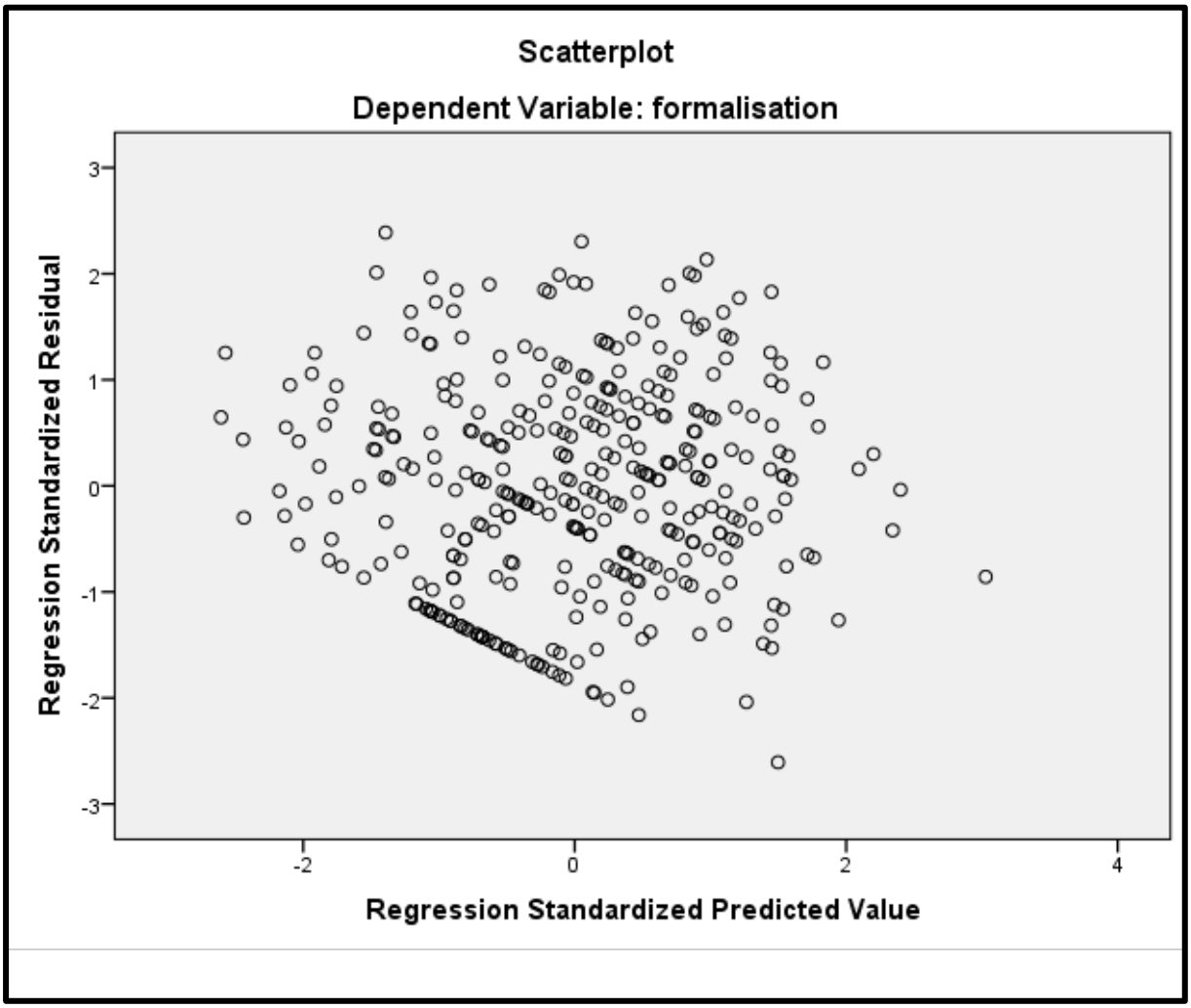


Figure 4.26 – Scatterplot for Hypothesis 3b

In reflecting on the histogram (Figure 4.27) and P-P plot (Figure 4.28) data appears to be normally distributed.

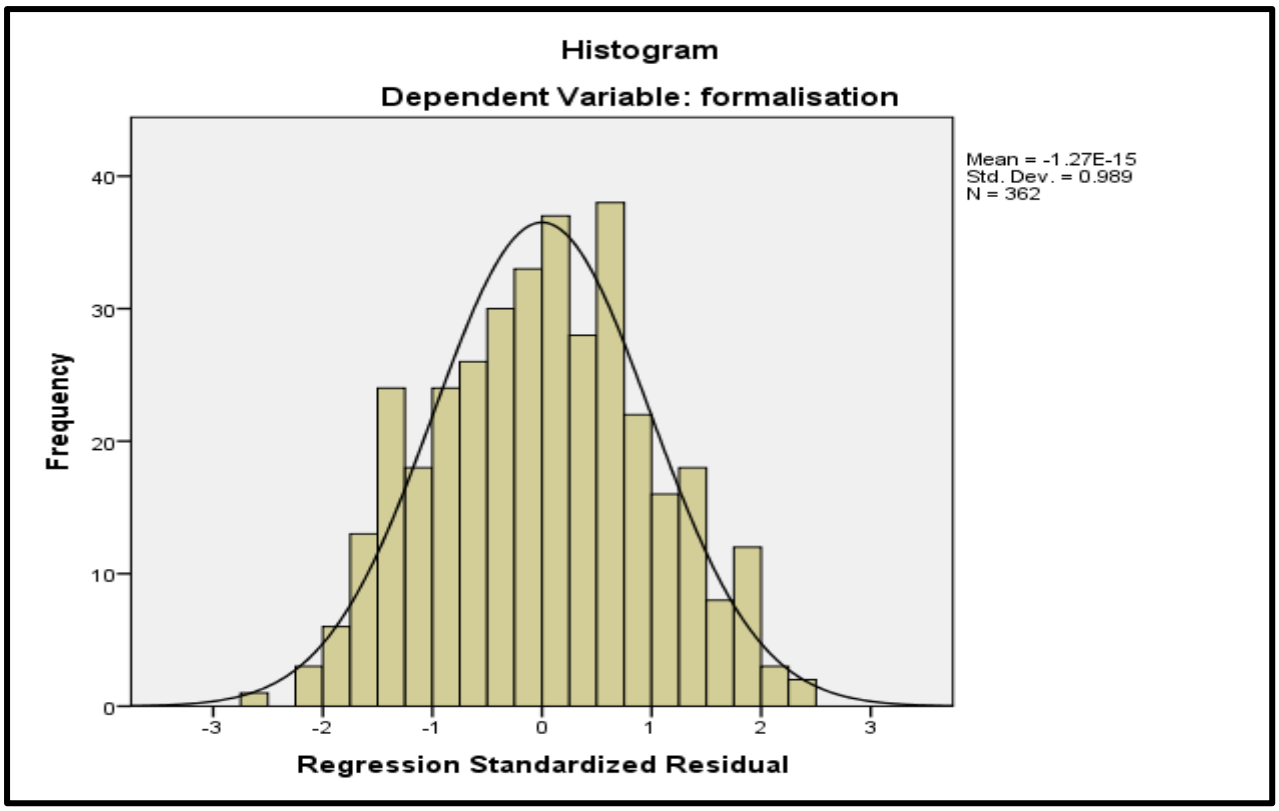


Figure 4.27 – Histogram for Hypothesis 3b

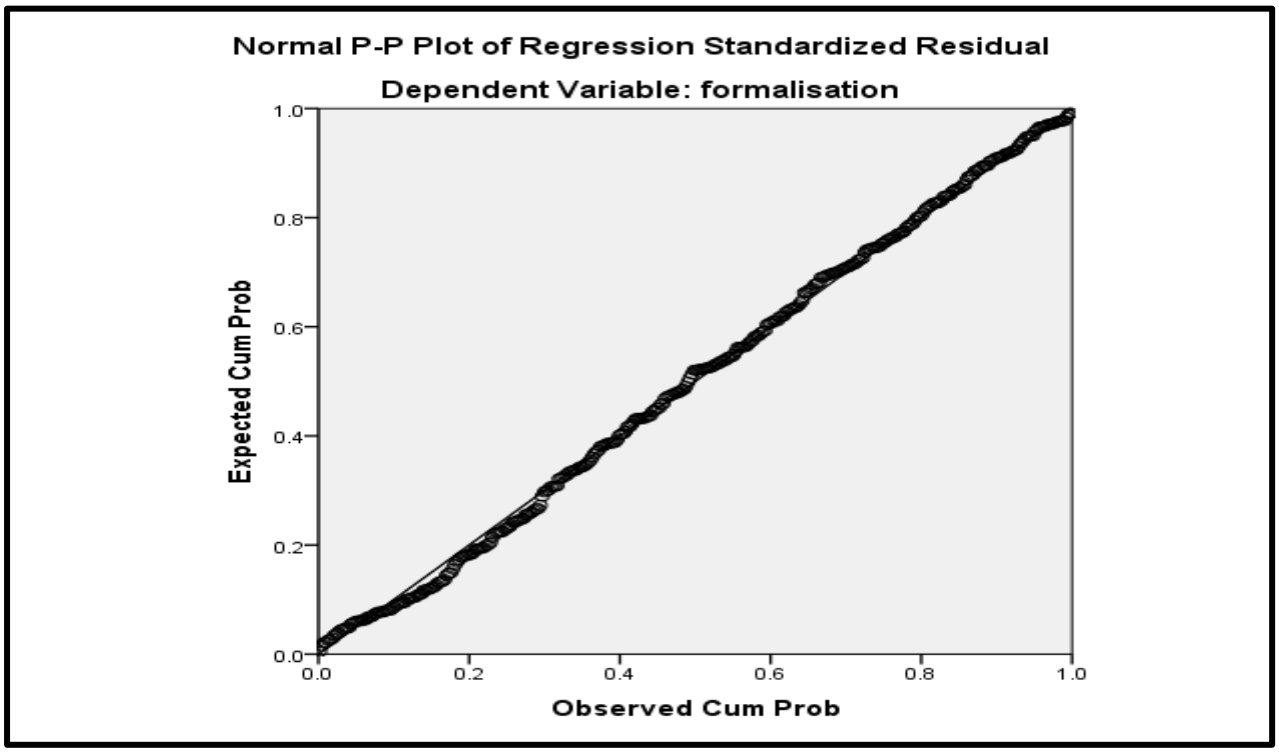


Figure 4.28 – P-P plot for Hypothesis 3b

Table 4.85 – Multiple regression table for Hypothesis 3b

Step 1					
	R^2	Adjusted R^2	B	SE	β
Model	0.192***	0.179			
(Constant)			2.494	0.269	
Age			-0.064	0.048	-0.078
Gender			0.103	0.078	0.064
Number of years in business			0.093	0.065	0.080
Turnover			0.014	0.090	0.008
Education			-0.434	0.066	-0.325***
Entrepreneurial Self-Efficacy			0.282	0.062	0.222***
Step 2					
	R^2	Adjusted R^2	B	SE	B
Model	0.291***	0.277			
(Constant)			1.149	0.317	
Age			-0.041	0.045	-0.050
Gender			0.069	0.073	0.043
Number of years in business			0.040	0.061	0.035
Turnover			0.078	0.085	0.046
Education			-0.311	0.064	-0.233***
Entrepreneurial Self-Efficacy			0.291	0.058	0.230***
Entrepreneurial Capitals			0.327	0.047	0.334***
Step 3					
	R^2	Adjusted R^2	B	SE	B
Model	0.295***	0.279			
(Constant)			1.197	0.318	
Age			-0.047	0.046	-0.058
Gender			0.069	0.073	0.043
Number of years in business			0.042	0.061	0.036
Turnover			0.066	0.085	0.039
Education			-0.308	0.064	-0.231***
ESE			0.295	0.058	0.233***
Entrepreneurial Capitals			0.318	0.047	0.325***
ESE x Entrepreneurial Capitals			-0.106	0.073	-0.066

*p<0.05; **p<0.01; ***p<0.001

The results of the regression are summarised in Table 4.85. The R^2 for step one suggests 19.2% of the variance in perceptions around the desirability of formality was accounted for by the different control variables and the moderator variable, ESE, while the introduction of entrepreneurial capitals in step two explained a further

10% of the total variance (R^2 = 0.291). A marginal 0.4% of total variance was accounted for in step 3 with the introduction of the interaction variable (ESE x entrepreneurial capital) (R^2 = 0.295). In all three instances, the model was found to be significant (step one – F = 7.438; p < 0.001; step two – F = 9.644; p<0.001; step three– F = 8.560; p<0.001). However, no significant relationship was found between the interaction variable and formalisation, therefore, no support was found for Hypothesis 3b. Therefore, the alternative hypothesis is rejected in favour of the null hypothesis.

4.5.3.1.3 The moderating influence of ESE on the relationship between entrepreneurial capitals and entrepreneurial performance

In order to test the final moderating influence of ESE, a three-step regression proved useful once more. The different control variables were included together with the moderator variable, entrepreneurial self-efficacy, in the first step. The second step involved the inclusion of the predictor variable, entrepreneurial capitals. In the third step, the interaction between ESE and entrepreneurial capitals was of importance. It was necessary to again centre both the predictor and moderating variables to address initial problems of multicollineariy detected for the uncentred variables (Field, 2009).

As no prior decision was made around the order of entry of the predictor variables, forced entry was used in the direct multiple regression. Table 4.86 reflects the descriptive statistics and correlations for the different variables.

Table 4.86 – Descriptive statistics and correlations for Hypothesis 3c

		Mean	SD	1	2	3	4	5	6	7	8
Pearson Correlation & Sig.	1. Entrepreneurial performance	2.405	0.7845								
	2. Age	2.77	0.981	-0.105							
	3. Gender	1.55	0.498	0.010	-0.017						
	4. Number of years in business	1.83	0.690	0.022	0.504***	0.046					
	5. Turnover	1.34	0.475	-0.172***	0.421***	-0.024	0.251***				
	6. Education	2.21	0.600	-0.306***	0.079	0.115*	-0.027	0.141**			
	7. ESE	1.984	0.6340	0.385***	-0.080	0.024	-0.026	-0.152**	-0.167**		
	8. Entrepreneurial capitals	3.229	0.8205	0.422***	-0.082	0.034	0.077	-0.147**	-0.293***	0.040	
	9. ESE x entrepreneurial capitals	0.0210	0.50391	-0.175***	-0.154**	0.009	-0.081	-0.135**	0.047	0.060	-0.123*

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 364

The interaction is thus negatively and significantly related to entrepreneurial performance at the 0.001 level. Nonetheless, no initial support is found for hypothesis 3c, given the directionality of the relationship.

An examination was again provided of the different assumptions relating to the regression:

- Multicollinearity: all correlations are below 1, therefore no evidence of multicollinearity is found (see Table 4.86). Furthermore, the Variance Inflation Factors (VIF) and tolerance statistics are at acceptable levels (with no VIF above 10 and no tolerance statistic below 0.1 respectively) (see Table 4.87).

Table 4.87 – Coefficients for regression model (Hypothesis 3c)

Model		Unstandardized Coefficients		Standardized 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)	2.381	0.257		9.251	0.000	1.875	2.888					
	Age	-0.050	0.046	-0.063	-1.079	0.281	-0.141	0.041	-0.105	-0.057	-0.050	0.650	1.538
	Gender	0.036	0.074	0.023	0.486	0.627	-0.110	0.183	0.010	0.026	0.023	0.978	1.022
	Number of years in business	0.085	0.062	0.074	1.366	0.173	-0.037	0.206	0.022	0.072	0.064	0.735	1.361
	Turnover	-0.133	0.086	-0.081	-1.542	0.124	-0.303	0.037	-0.172	-0.081	-0.072	0.797	1.254
	Education	-0.308	0.063	-0.235	-4.875	0.000	-0.432	-0.184	-0.306	-0.250	-0.228	0.936	1.069
	ESE	0.408	0.059	0.330	6.895	0.000	0.292	0.524	0.385	0.343	0.322	0.954	1.049
2	(Constant)	0.961	0.300		3.204	0.001	0.371	1.552					
	Age	-0.026	0.043	-0.033	-0.607	0.545	-0.111	0.058	-0.105	-0.032	-0.026	0.647	1.546
	Gender	0.005	0.069	0.003	0.067	0.947	-0.131	0.140	0.010	0.004	0.003	0.975	1.026
	Number of years in business	0.030	0.058	0.026	0.511	0.610	-0.084	0.143	0.022	0.027	0.022	0.724	1.382
	Turnover	-0.068	0.080	-0.041	-0.850	0.396	-0.226	0.090	-0.172	-0.045	-0.037	0.789	1.268
	Education	-0.178	0.061	-0.136	-2.924	0.004	-0.297	-0.058	-0.306	-0.153	-0.126	0.865	1.156
	ESE	0.420	0.055	0.340	7.670	0.000	0.313	0.528	0.385	0.377	0.332	0.953	1.049
	Entrepreneurial capitals	0.342	0.044	0.358	7.784	0.000	0.256	0.429	0.422	0.381	0.337	0.885	1.131
3	(Constant)	1.077	0.296		3.633	0.000	0.494	1.660					
	Age	-0.043	0.043	-0.054	-1.021	0.308	-0.127	0.040	-0.105	-0.054	-0.043	0.639	1.565
	Gender	0.005	0.068	0.003	0.077	0.939	-0.128	0.138	0.010	0.004	0.003	0.975	1.026
	Number of years in business	0.034	0.057	0.030	0.602	0.548	-0.078	0.146	0.022	0.032	0.026	0.723	1.383
	Turnover	-0.096	0.079	-0.058	-1.213	0.226	-0.252	0.060	-0.172	-0.064	-0.052	0.782	1.279
	Education	-0.169	0.060	-0.130	-2.835	0.005	-0.287	-0.052	-0.306	-0.149	-0.120	0.864	1.158
	ESE	0.430	0.054	0.347	7.969	0.000	0.324	0.536	0.385	0.390	0.339	0.951	1.052
	Entrepreneurial captitals	0.320	0.044	0.335	7.346	0.000	0.234	0.406	0.422	0.363	0.312	0.868	1.152
	Interaction (ESE x entrepreneurial capitals)	-0.253	0.068	-0.162	-3.713	0.000	-0.386	-0.119	-0.175	-.0193	-0.158	0.945	1.058

a. Dependent Variable: entrepperformance

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: a single marginal outlier was found (see scatterplot in Figure 4.29).

However this just falls within Tabachnick and Fidell's (2007) acceptable range of -3.3 to 3.3 accordingly.

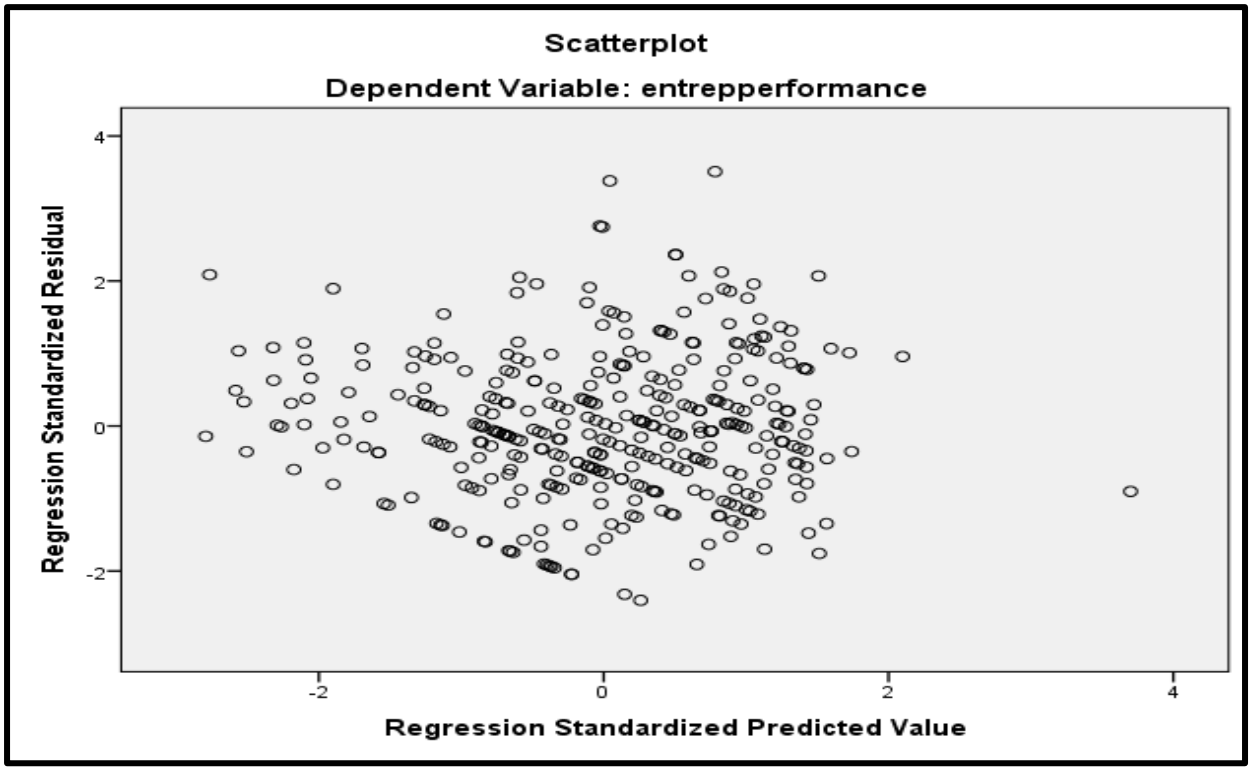


Figure 4.29 – Scatterplot for Hypothesis 3c

A consideration of the histrogram (Figure 4.30) and P-P plot (Figure 4.31) suggests that data is fairly normally distributed.

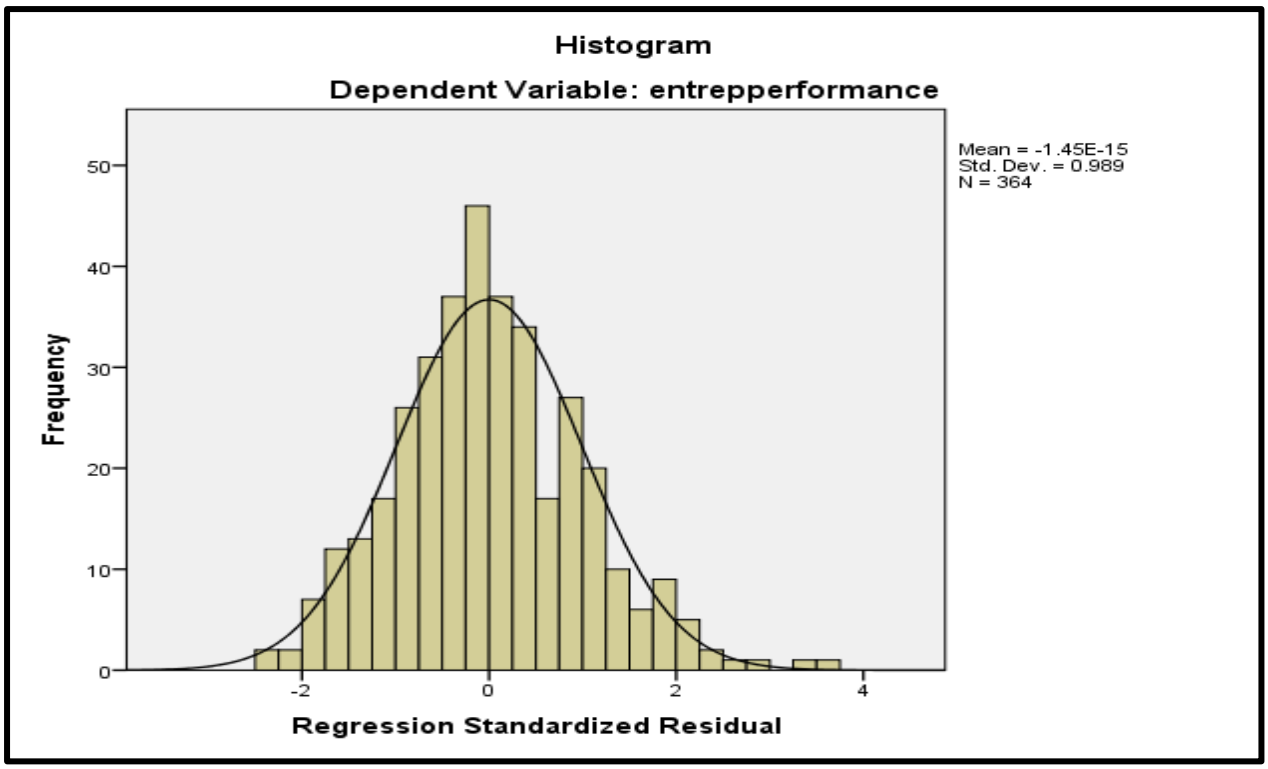


Figure 4.30 – Histogram for Hypothesis 3c

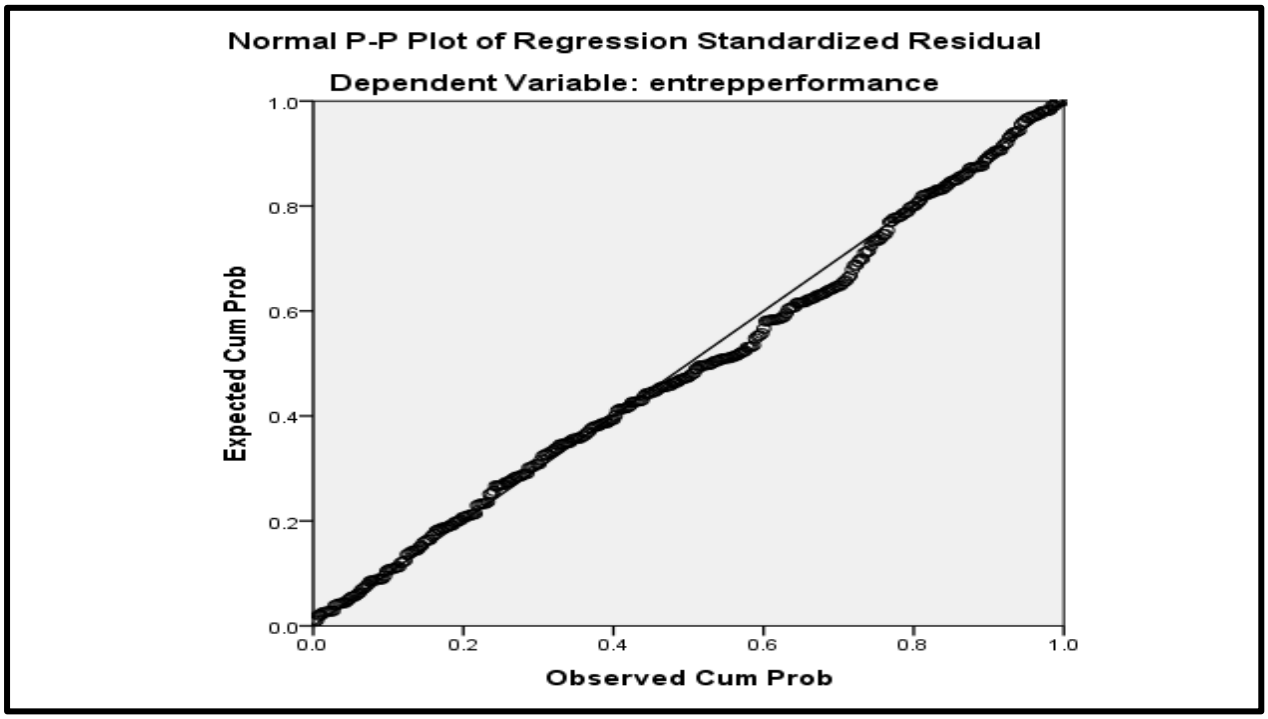


Figure 4.31 – P-P plot for Hypothesis 3c

Table 4.88 – Multiple regression table for Hypothesis 3c

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.221***	0.208			
(Constant)			2.381	0.257	
Age			-0.050	0.046	-0.063
Gender			0.036	0.074	0.023
Number of years in business			0.085	0.062	0.074
Turnover			-0.133	0.086	-0.081
Education			-0.308	0.063	-0.235***
Entrepreneurial Self-Efficacy			0.408	0.059	0.330***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.334***	0.321			
(Constant)			0.961	0.300	
Age			-0.026	0.043	-0.033
Gender			0.005	0.069	0.003
Number of years in business			0.030	0.058	0.026
Turnover			-0.068	0.080	-0.041
Education			-0.178	0.061	-0.136**
Entrepreneurial Self-Efficacy			0.420	0.055	0.340***
Entrepreneurial Capitals			0.342	0.044	0.358***
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.359***	0.345			
(Constant)			1.077	0.296	
Age			-0.043	0.043	-0.054
Gender			0.005	0.068	0.003
Number of years in business			0.034	0.057	0.030
Turnover			-0.096	0.079	-0.058
Education			-0.169	0.060	-0.130**
ESE			0.430	0.054	0.347***
Entrepreneurial Capitals			0.320	0.044	0.335***
ESE x Entrepreneurial Capitals			-0.253	0.068	-0.162***

*p<0.05; **p<0.01; ***p<0.001

Table 4.88 summarises the results of the regression. The R^2 of 0.221 for step one suggests 22.1% of variance across perceptions around the desirability of formality was accounted for by the different control variables and the moderator variable, ESE. The R^2 of 0.334 for step two suggests that entrepreneurial capitals explained a further 11.3% of total variance. The introduction of the interaction variable (ESE x

entrepreneurial capital) accounted for an additional 2.5% of total variance (R^2 =0.359). The regression model is significant overall (step 1 – F = 16.901; p< 0.001; step 2 – F = 25.561; p<0.001; step 3 – F = 24.893; p<0.001). A significant but negative relationship was found to exist between the interaction variable and entrepreneurial performance (β=-0.162, p=0.001). Thus partial support was found for Hypothesis 3c.

4.5.3.2 The moderating influence of motives

In order to test the moderating effect of entrepreneurial motive the following three hypotheses 4a, 4b and 4c were formulated:

H4a (alternative):

Motivation moderates the relationship between entrepreneur identity aspiration and entrepreneurial capitals such that the relationship will be stronger for individuals who are opportunity-driven.

H4a (null):

Motivation does not moderate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.

H4b (alternative):

Motivation moderates the relationship between entrepreneurial capitals and the perception of the desirability of formality such that the relationship will be stronger for individuals who are opportunity-driven.

H4b (null):

Motivation does not moderate the relationship between entrepreneurial capitals and the perception of the desirability of formality.

H4c (alternative):

Motivation moderates the relationship between entrepreneurial capitals and entrepreneurial performance such that the relationship will be stronger for individuals who are opportunity-driven.

H4c (null):

Motivation does not moderate the relationship between entrepreneurial capitals and entrepreneurial performance.

Each of these will be tested separately below.

4.5.3.2.1 The moderating influence of motives on the relationship between entrepreneurial identity aspiration and entrepreneurial capitals

As was the case in testing the moderation relationship of ESE, a three-step regression was run to investigate the significance of the moderator hypothesis. In step one, the different control variables and the moderator variable, entrepreneurial motives[28] were included. The predictor variable, entrepreneurial identity aspiration (EIA), was incorporated in the second step. The interaction between entrepreneurial

[28] As discussed previously, this variable, having been adjusted for unreliable items, entirely reflects opportunity motives.

motives and entrepreneurial identity aspiration was introduced in the third step. It was again necessary to centre the predictor and moderating variable before computing the interaction variable to avoid issues of multicollinearity.

Forced entry was used in the regression analysis, as no prior decision had been made as to the order in which variables were to be entered. Descriptive statistics and correlations for the different variables are reflected in Table 4.89 below.

Table 4.89 – Descriptive statistics and correlations for Hypothesis 4a

		Mean	SD	1	2	3	4	5	6	7	8
Pearson Correlation & Sig.	1. Entrepreneurial capitals	3.229	0.8188								
	2. Age	2.77	0.984	-0.084							
	3. Gender	1.55	0.498	0.034	-0.012						
	4. Number of years in business	1.84	0.690	0.073	0.508***	0.053					
	5. Turnover	1.35	0.476	-0.148**	0.420***	-0.020	0.254***				
	6. Education	2.21	0.599	-0.293***	0.077	0.114*	-0.030	0.139**			
	7. Entrepreneurial motives	2.172	0.7412	0.271***	-0.125**	0.052	-0.066	-0.172***	-0.145**		
	8. EIA	1.783	0.7369	0.168**	0.012	0.012	0.019	-0.078	-0.173***	0.481***	
	9. Motives x EIA	0.2617	0.82982	-0.025	0.014	0.037	0.009	0.020	-0.068	0.355***	0.479***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 365

No initial significant relationship was found between the interaction variable and entrepreneurial capitals, however, the moderator, entrepreneurial motives, was significantly correlated at the 0.001 level.

Different assumptions related to the regression were examined:

- Multicollinearity: no evidence of multicollinearity was found, with all correlations falling below 1 (see Table 4.89). Furthermore, the Variance Inflation Factors (VIF) and tolerance statistics were found to be acceptable (with no VIF above 10 and no tolerance statistic below 0.1) (see Table 4.90 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.32 was analysed for outliers. Only one marginal outlier was observed. However, this appeared to be just within the acceptable range of +3.3 to -3.3 (Tabachnick and Fidell, 2007).

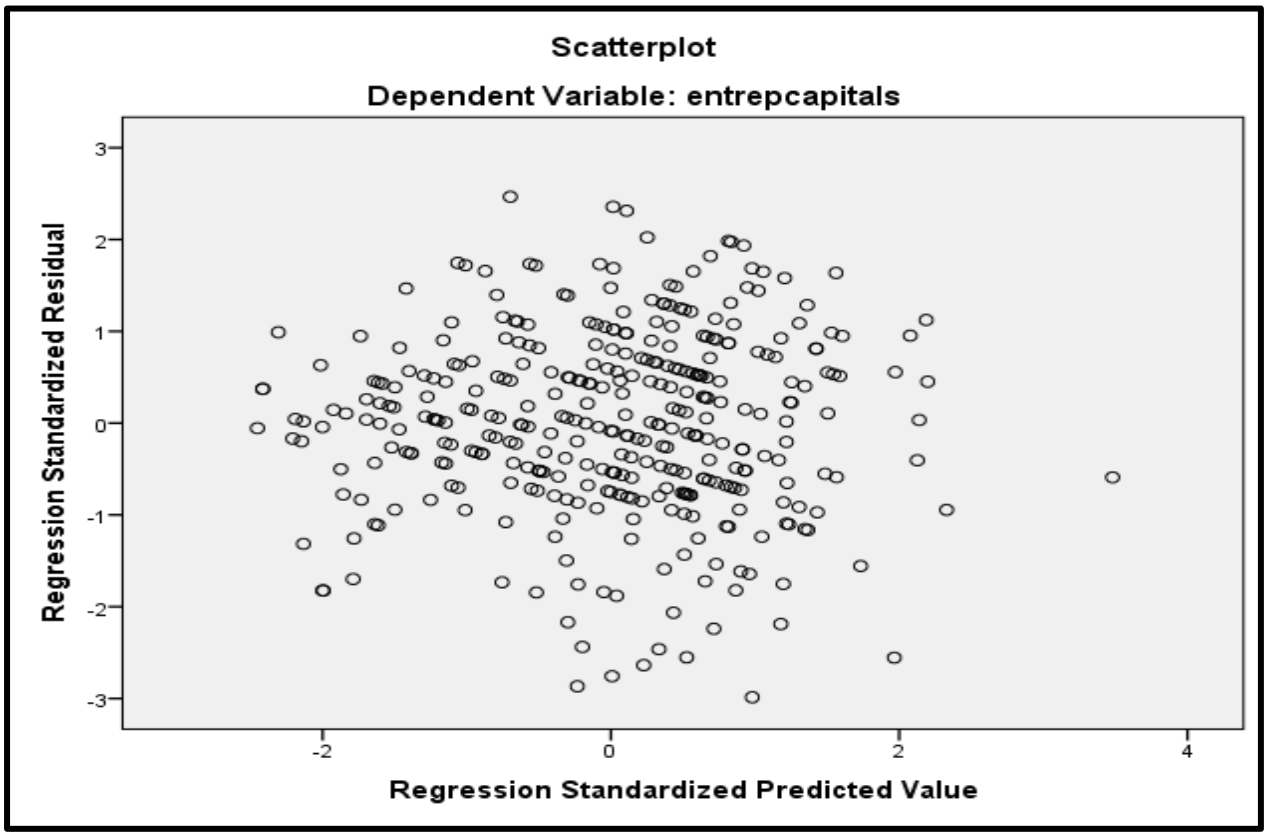


Figure 4.32 – Scatterplot for Hypothesis 4a

Table 4.90 – Coefficients for regression model (Hypothesis 4a)

Model		Unstandardized Coefficients		Standardized 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)	3.394	0.274		12.368	0.000	2.854	3.933					
	Age	-0.060	0.050	-0.072	-1.195	0.233	-0.159	0.039	-0.084	-0.063	-0.058	0.646	1.547
	Gender	0.068	0.081	0.041	0.838	0.403	-0.091	0.226	0.034	0.044	0.041	0.975	1.026
	Number of years in business	0.159	0.067	0.134	2.369	0.018	0.027	0.292	0.073	0.124	0.115	0.729	1.371
	Turnover	-0.136	0.093	-0.079	-1.453	0.147	-0.319	0.048	-0.148	-0.077	-0.070	0.797	1.255
	Education	-0.335	0.068	-0.245	-4.911	0.000	-0.469	-0.201	-0.293	-0.251	-0.238	0.941	1.063
	Entrepreneurial motives	0.243	0.055	0.220	4.416	0.000	0.135	0.351	0.271	0.227	0.214	0.948	1.055
2	(Constant)	3.378	0.280		12.045	0.000	2.826	3.929					
	Age	-0.061	0.050	-0.073	-1.212	0.226	-0.160	0.038	-0.084	-0.064	-0.059	0.643	1.556
	Gender	0.068	0.081	0.041	0.837	0.403	-0.091	0.226	0.034	0.044	0.041	0.975	1.026
	Number of years in business	0.159	0.067	0.134	2.363	0.019	0.027	0.292	0.073	0.124	0.115	0.729	1.371
	Turnover	-0.135	0.093	-0.079	-1.446	0.149	-0.319	0.049	-0.148	-0.076	-0.070	0.797	1.255
	Education	-0.333	0.069	-0.243	-4.836	0.000	-0.468	-0.197	-0.293	-0.248	-0.235	0.928	1.078
	Entrepreneurial motives	0.234	0.062	0.212	3.762	0.000	0.112	0.357	0.271	0.195	0.182	0.739	1.353
	EIA	0.018	0.062	0.016	0.283	0.777	-0.105	0.140	0.168	0.015	0.014	0.751	1.331
3	(Constant)	3.172	0.286		11.104	0.000	2.610	3.734					
	Age	-0.061	0.050	-0.073	-1.227	0.221	-0.159	0.037	-0.084	-0.065	-0.059	0.643	1.556
	Gender	0.074	0.080	0.045	0.927	0.355	-0.083	0.231	0.034	0.049	0.044	0.974	1.026
	Number of years in business	0.158	0.067	0.133	2.365	0.019	0.027	0.289	0.073	0.124	0.113	0.729	1.371
	Turnover	-0.111	0.093	-0.065	-1.201	0.231	-0.294	0.071	-0.148	-0.064	-0.058	0.791	1.264
	Education	-0.330	0.068	-0.241	-4.847	0.000	-0.464	-0.196	-0.293	-0.249	-0.232	0.928	1.078
	Entrepreneurial motives	0.267	0.063	0.241	4.264	0.000	0.144	0.390	0.271	0.220	0.204	0.718	1.394
	EIA	0.093	0.066	0.083	1.395	0.164	-0.038	0.223	0.168	0.074	0.067	0.645	1.550
	Interaction (motives x EIA)	-0.165	0.055	-0.167	-3.006	0.003	-0.273	-0.057	-0.025	-0.157	-0.144	0.743	1.345

a. Dependent Variable: entrepreneurial capitals

Both the histogram (Figure 4.33) and P-P plot (Figure 4.34) show that the data is normally distributed.

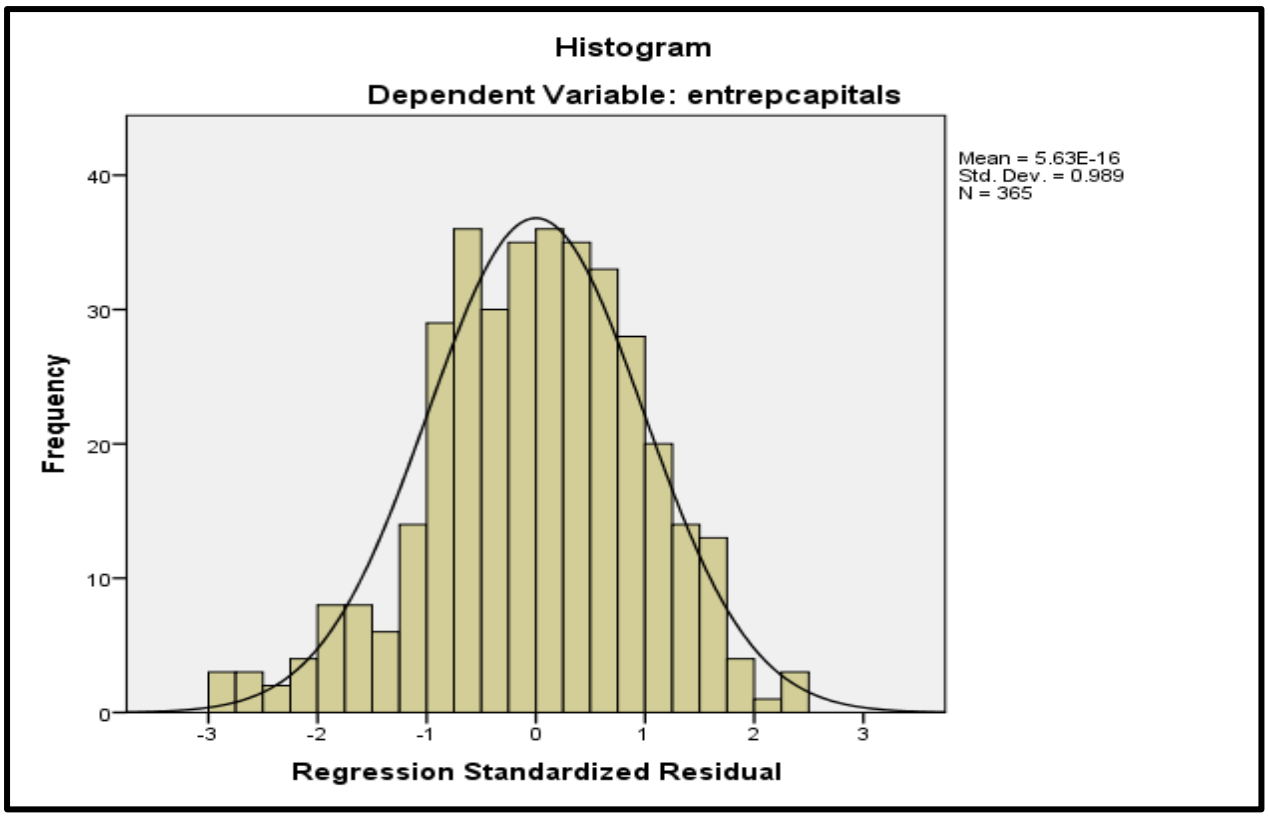


Figure 4.33 – Histogram for Hypothesis 4a

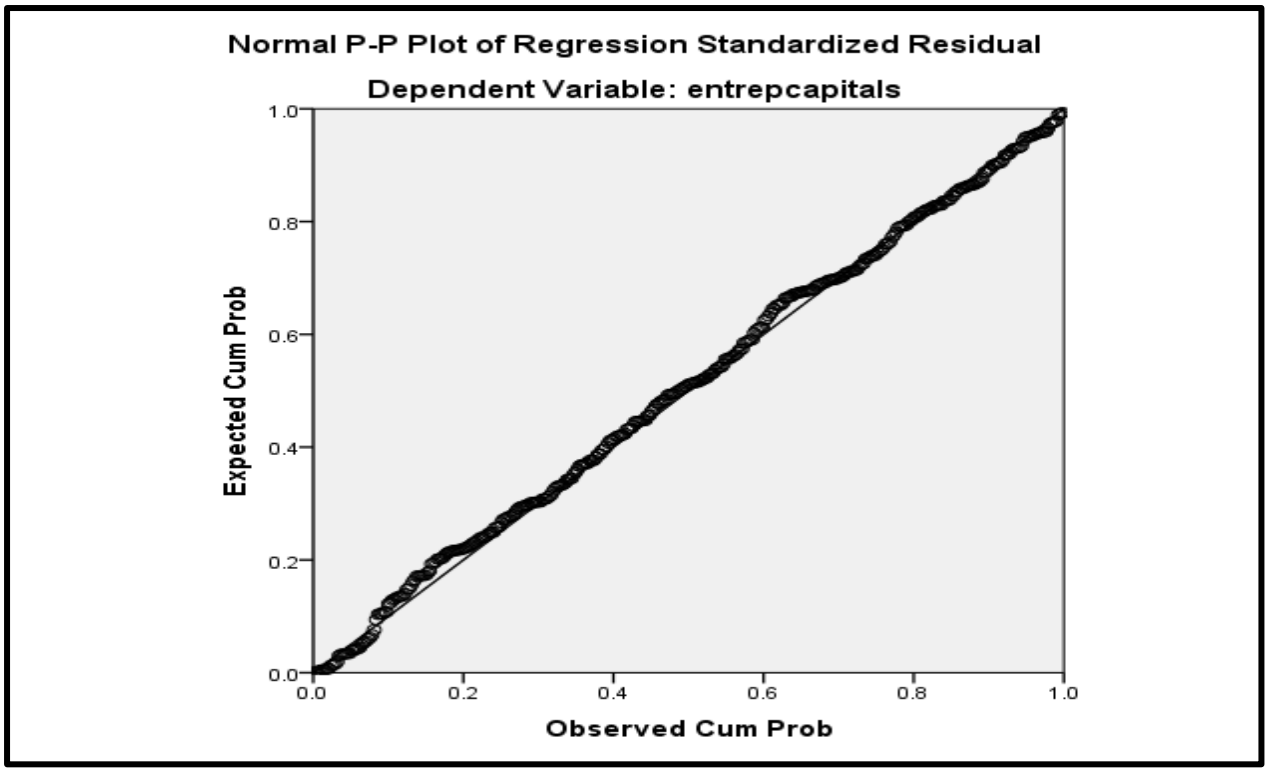


Figure 4.34 – P-P plot for Hypothesis 4a

The results of the regression are shown in Table 4.91. The different control variables together with the moderator variable, entrepreneurial motives accounted for 16% of the variance in perceptions around the desirability of formality (R^2 = 0.160) in step one. In step two, the R^2 of 0.160 suggests that the introduction of entrepreneurial identity aspiration added no additional variance. The inclusion of the interaction variable (entrepreneurial motive x entrepreneurial identity aspiration) accounted for a further 2.1% of total variance (R^2 = 0.181). The model was found to be significant in all three instances (step one – $F = 6.517$; $p < 0.001$; step two – $F = 5.592$; $p<0.001$; step three – $F = 5.527$; $p<0.001$). Some support is therefore found for Hypothesis 4a such that additional variance is accounted for through the addition of the interaction variable, with a noticeable effect size. However, a negative significant relationship was found to exist between the interaction variable and entrepreneurial capitals, at the 0.01 level (β=-0.167, $p<0.01$). Therefore, Hypothesis is partially supported.

Table 4.91 – Multiple regression table for Hypothesis 4a

Step 1					
	R^2	Adjusted R^2	B	SE	β
Model	0.160***	0.146			
(Constant)			3.394	0.274	
Age			-0.060	0.050	-0.072
Gender			0.068	0.081	0.041
Number of years in business			0.159	0.067	0.134**
Turnover			-0.136	0.093	-0.079
Education			-0.335	0.068	-0.245***
Entrepreneurial motives			0.243	0.055	0.220***
Step 2					
	R^2	Adjusted R^2	B	SE	β
Model	0.160***	0.144			
(Constant)			3.378	0.280	
Age			-0.061	0.050	-0.073
Gender			0.068	0.081	0.041
Number of years in business			0.159	0.067	0.134*
Turnover			-0.135	0.093	-0.079
Education			-0.333	0.069	-0.243***
Entrepreneurial motives			0.234	0.062	0.212***
Entrepreneurial identity aspiration			0.018	0.062	0.016
Step 3					
	R^2	Adjusted R^2	B	SE	β
Model	0.181***	0.163			
(Constant)			3.172	0.286	
Age			-0.061	0.050	-0.073
Gender			0.074	0.080	0.045
Number of years in business			0.158	0.067	0.133*
Turnover			-0.111	0.093	-0.065
Education			-0.330	0.068	-0.241***
Entrepreneurial motives			0.267	0.063	0.241***
Entrepreneurial Identity Aspiration			0.093	0.066	0.083
Entrepreneurial motives x entrepreneurial identity aspiration			-0.165	0.055	-0.167**

*p<0.05; **p<0.01; ***p<0.001

4.5.3.2.2 The moderating influence of motives on the relationship between entrepreneurial capitals and formalisation

Here, again, a three-step regression was run, with step one involving the inclusion of the different control variables together with the moderator variable, entrepreneurial

motives. The predictor variable, entrepreneurial capitals, was added in the second step, while the third step included the interaction between entrepreneurial motives and entrepreneurial capitals. It was further necessary to centre the predictor and moderating variables before computing the interaction variable, to once again, address problems of multicollineariaty associated with the uncentred interaction variable.

Multiple linear regression was adopted using forced entry. Table 4.92 reflects the different descriptive statistics and correlations.

Table 4.92 – Descriptive statistics and correlations for Hypothesis 4b

		Mean	SD	1	2	3	4	5	6	7	8
Pearson Correlation & Sig.	1. Formalisation	2.264	0.8028								
	2. Age	2.77	0.983	-0.081							
	3. Gender	1.56	0.498	0.034	-0.013						
	4. Number of years in business	1.84	0.693	0.046	0.510***	0.054					
	5. Turnover	1.35	0.476	-0.086	0.420***	-0.016	0.255***				
	6. Education	2.21	0.602	-0.361***	0.079	0.113*	-0.030	0.139**			
	7. Entrepreneurial motives	2.171	0.7443	0.477***	-0.126**	0.053	-0.067	-0.172***	-0.145**		
	8. Entrepreneurial capitals	3.225	0.8183	0.415***	-0.085	0.044	0.072	-0.153**	-0.293***	0.272***	
	9. Entrepreneurial motives x entrepreneurial capitals	0.1659	0.67162	-0.080	-0.140**	-0.069	-0.140**	-0.040	-0.004	-0.008	-0.021

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 362

In reflecting on the correlations, no initial significant relationship is found between the interaction variable and capitals. Yet, the moderator, entrepreneurial motives, is found to be significantly correlated at the 0.001 level. An examination of the different assumptions is once again provided:

- Multicollinearity: Table 4.92 shows no evidence of multicollinearity (with no correlations of 1 or above). VIFs and the tolerance statistics are found to be at an acceptable level (with no VIF above 10 and no tolerance statistic below 0.1 accordingly) (see Table 4.93 below).

Table 4.93 – Coefficients for regression model (Hypothesis 4b)

Model		Unstandardized Coefficients		Standardized 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)	1.906	0.242		7.880	0.000	1.430	2.382					
	Age	-0.049	0.044	-0.060	-1.096	0.274	-0.136	0.039	-0.081	-0.058	-0.048	0.645	1.551
	Gender	0.064	0.071	0.040	0.901	0.368	-0.076	0.205	0.034	0.048	0.039	0.975	1.026
	Number of years in business	0.099	0.059	0.085	1.663	0.097	-0.018	0.215	0.046	0.088	0.073	0.727	1.375
	Turnover	0.058	0.082	0.035	0.706	0.480	-0.104	0.220	-0.086	0.037	0.031	0.797	1.255
	Education	-0.401	0.060	-0.300	-6.669	0.000	-0.519	-0.282	-0.361	-0.334	-0.291	0.941	1.063
	Entrepreneurial motives	0.469	0.048	0.435	9.705	0.000	0.374	0.565	0.477	0.458	0.424	0.948	1.055
2	(Constant)	1.112	0.279		3.987	0.000	0.563	1.660					
	Age	-0.035	0.043	-0.043	-0.818	0.414	-0.120	0.049	-0.081	-0.043	-0.034	0.642	1.557
	Gender	0.045	0.069	0.028	0.650	0.516	-0.091	0.180	0.034	0.035	0.027	0.972	1.029
	Number of years in business	0.062	0.058	0.053	1.067	0.287	-0.052	0.175	0.046	0.057	0.045	0.716	1.396
	Turnover	0.093	0.080	0.055	1.159	0.247	-0.064	0.250	-0.086	0.061	0.049	0.792	1.263
	Education	-0.322	0.060	-0.241	-5.379	0.000	-0.440	-0.204	-0.361	-0.275	-0.227	0.882	1.134
	Entrepreneurial motives	0.413	0.048	0.383	8.609	0.000	0.318	0.507	0.477	0.416	0.363	0.899	1.112
	Entrepreneurial capitals	0.235	0.045	0.240	5.205	0.000	0.146	0.324	0.415	0.267	0.219	0.838	1.194
3	(Constant)	1.169	0.280		4.169	0.000	0.618	1.721					
	Age	-0.041	0.043	-0.051	-0.961	0.337	-0.126	0.043	-0.081	-0.051	-0.040	0.637	1.569
	Gender	0.038	0.069	0.023	0.546	0.585	-0.098	0.173	0.034	0.029	0.023	0.968	1.033
	Number of years in business	0.055	0.058	0.047	0.945	0.345	-0.059	0.168	0.046	0.050	0.040	0.712	1.404
	Turnover	0.095	0.080	0.056	1.195	0.233	-0.062	0.252	-0.086	0.063	0.050	0.791	1.264
	Education	-0.322	0.060	-0.241	-5.391	0.000	-0.440	-0.205	-0.361	-0.276	-0.227	0.882	1.134
	Entrepreneurial motives	0.412	0.048	0.382	8.602	0.000	0.317	0.506	0.477	0.416	0.362	0.899	1.113
	Entrepreneurial capitals	0.234	0.045	0.239	5.196	0.000	0.146	0.323	0.415	0.267	0.218	0.838	1.194
	Interaction (motives x entrepreneurial capitals)	-0.083	0.051	-0.070	-1.634	0.103	-0.184	0.017	-0.080	-0.087	-0.069	0.969	1.033

a. Dependent Variable: formalisation

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: Figure 4.35 reflects the scatterplot which was analysed for outliers. No standardised residuals were found to fall outside Tabachnick and Fidell's (2007) range of +3.3 to -3.3 accordingly.

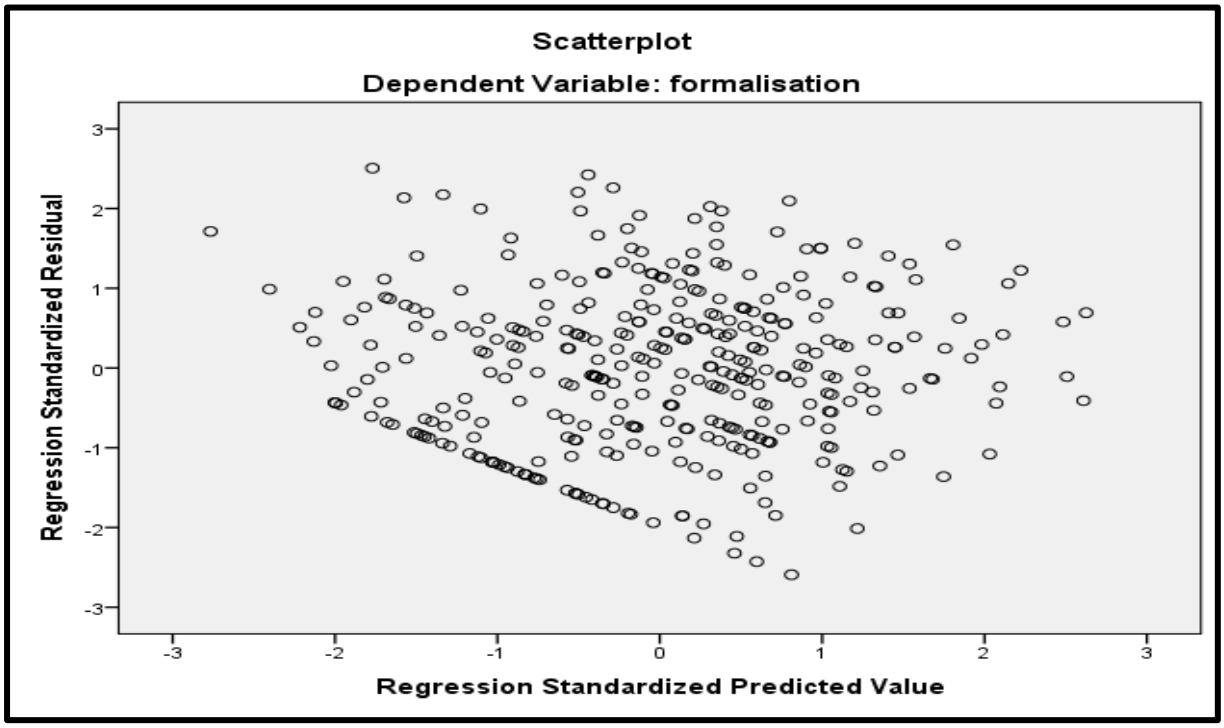


Figure 4.35 – Scatterplot for Hypothesis 4b

Normality was assessed by means of the histogram (Figure 4.36) and P-P plot (Figure 4.37) with both indicating that data was fairly normally distributed.

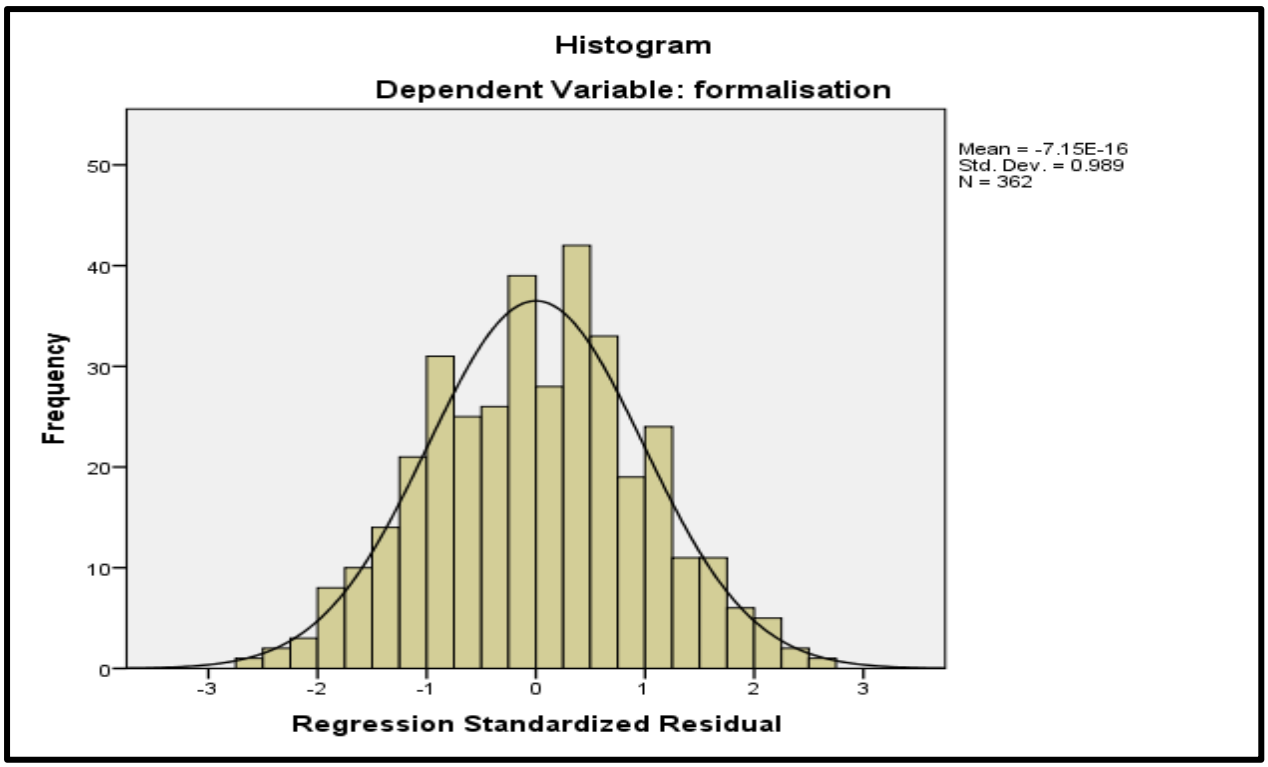


Figure 4.36 – Histogram for Hypothesis 4b

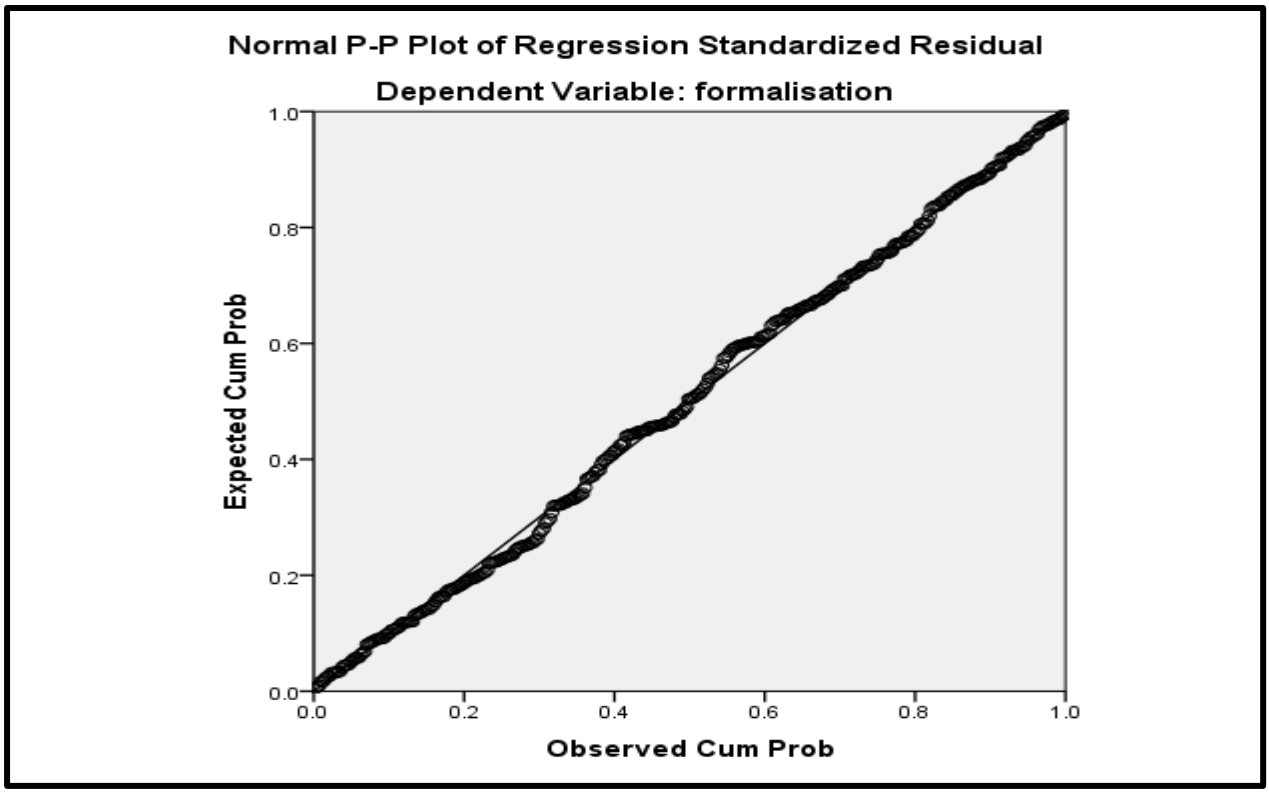


Figure 4.37 – P-P plot for Hypothesis 4b

Table 4.94 – Multiple regression table for Hypothesis 4b

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.323***	0.312			
(Constant)			1.906	0.242	
Age			-0.049	0.044	-0.060
Gender			0.064	0.071	0.040
Number of years in business			0.099	0.059	0.085
Turnover			0.058	0.082	0.035
Education			-0.401	0.060	-0.300***
Entrepreneurial motives			0.469	0.048	0.435***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**B**
Model	0.371***	0.359			
(Constant)			1.112	0.279	
Age			-0.035	0.043	-0.043
Gender			0.045	0.069	0.028
Number of years in business			0.062	0.058	0.053
Turnover			0.093	0.080	0.055
Education			-0.322	0.060	-0.241***
Entrepreneurial motives			0.413	0.048	0.383***
Entrepreneurial capitals			0.235	0.045	0.240***
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.376***	0.362			
(Constant)			1.169	0.280	
Age			-0.041	0.043	-0.051
Gender			0.038	0.069	0.023
Number of years in business			0.055	0.058	0.047
Turnover			0.095	0.080	0.056
Education			-0.322	0.060	-0.241***
Entrepreneurial motives			0.412	0.048	0.382***
Entrepreneurial capitals			0.234	0.045	0.239***
Entrepreneurial motives x entrepreneurial capitals			-0.083	0.051	-0.070

*p<0.05; **p<0.01; ***p<0.001

Table 4.94 summarises the results of the regression. Step one's R^2 of 0.323 suggests 32.3% of variance in perceptions around the desirability of formality was accounted for by the different control variables and the moderator variable, entrepreneurial motives. The R^2 of 0.371 for step two indicates that a further 4.8% of total variance was accounted for through the introduction of entrepreneurial capitals.

Finally, the introduction of the interaction variable (entrepreneurial motive x entrepreneurial capitals) accounted for 0.5% of total variance. A R^2 for step three of 0.376 was recorded. Furthermore, the model is significant in all three instances (step one – $F = 28.243$; $p<0.001$; step two – $F = 29.857$; $p<0.001$; step three – $F = 26.582$; $p<0.001$). While additional variance is accounted for through the inclusion of the interaction variable, the effect size is very small. Moreover, no significant relationship was found to exist between the interaction variable and formalisation ($\beta = -0.070$), therefore, Hypothesis 4b is not supported. Accordingly, the alternative hypothesis is rejected.

4.5.3.2.3 The moderating influence of motives on the relationship between entrepreneurial capitals and entrepreneurial performance

A three- step regression was conducted to investigate the significance of the moderator hypothesis. In step one, the different control variables used in Hypotheses 1 and 2 were included, together with the moderator variable, entrepreneurial motives. In the second step, the predictor variable, entrepreneurial capitals, was incorporated. The interaction between entrepreneurial motives and entrepreneurial capitals was considered in the third step. It was necessary, once again, to centre the predictor and moderating variables before computing the interaction variable, to avoid issues of multicollinearity.

In adopting multiple linear regression analysis, forced entry was used as no a priori decision was made about the order in which variables were entered. Descriptive statistics and correlations are shown in Table 4.95.

Table 4.95 – Descriptive statistics and correlations for Hypothesis 4c

		Mean	SD	1	2	3	4	5	6	7	8
Pearson Correlation & Sig.	1. Entrepreneurial performance	2.401	0.7861								
	2. Age	2.77	0.983	-0.109							
	3. Gender	1.55	0.498	0.006	-0.015						
	4. Number of years in business	1.84	0.691	0.017	0.508***	0.053					
	5. Turnover	1.35	0.476	-0.175***	0.424***	-0.018	0.255***				
	6. Education	2.21	0.600	-0.304***	0.078	0.115**	-0.030	0.138***			
	7. Entrepreneurial motives		0.7422	0.497***	-0.126**	0.052	-0.067	-0.172***	-0.145**		
	8. Entrepreneurial capitals	3.231	0.8196	0.422***	-0.082	0.036	0.073	-0.149	-0.294***	0.271***	
	9. Entrepreneurial motives x entrepreneurial capitals	0.1651	0.66987	-0.097*	-0.140	-0.067	-0.141**	-0.040***	-0.003	-0.008	-0.023

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 364

No initial significant relationship was found between the interaction variable and entrepreneurial capitals when reflecting on the correlations. However, the moderator, entrepreneurial motives, was significantly correlated at the 0.001 level.

Different assumptions relating to the regression were examined as follows:

- Multicollinearity: no evidence of multicollinearity was found in Table 4.95, with all correlations below 1. Moreover, VIFs and tolerance statistics were found to be acceptable (with no VIF and tolerance statistic above 10 and below 0.1 respectively) (see Table 4.96 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: upon examination, on marginal outlier is observed in the scatterplot in Figure 4.38. However, it appears to just fall within Tabachnick and Fidell's (2007) range of between +3.3 and -3.3.

Table 4.96 – Coefficients for regression model (Hypothesis 4c)

Model		Unstandardized Coefficients		Standardized 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)	2.086	0.239		8.743	0.000	1.617	2.555					
	Age	-0.037	0.044	-0.047	-0.850	0.396	-0.123	0.049	-0.109	-0.045	-0.037	0.644	1.554
	Gender	0.004	0.070	0.002	0.054	0.957	-0.134	0.142	0.006	0.003	0.002	0.975	1.026
	Number of years in business	0.092	0.059	0.081	1.568	0.118	-0.023	0.207	0.017	0.083	0.069	0.729	1.372
	Turnover	-0.112	0.081	-0.068	-1.372	0.171	-0.271	0.048	-0.175	-0.072	-0.060	0.795	1.259
	Education	-0.292	0.059	-0.223	-4.927	0.000	-0.409	-0.176	-0.304	-0.252	-0.216	0.941	1.063
	Entrepreneurial motives	0.479	0.048	0.452	10.030	0.000	0.385	0.573	0.497	0.469	0.441	0.948	1.055
2	(Constant)	1.255	0.274		4.583	0.000	0.717	1.794					
	Age	-0.023	0.042	-0.029	-0.556	0.578	-0.106	0.059	-0.109	-0.029	-0.023	0.641	1.559
	Gender	-0.014	0.068	-0.009	-0.201	0.841	-0.146	0.119	0.006	-0.011	-0.008	0.973	1.028
	Number of years in business	0.053	0.057	0.047	0.937	0.350	-0.058	0.164	0.017	0.050	0.040	0.718	1.393
	Turnover	-0.077	0.078	-0.047	-0.984	0.326	-0.231	0.077	-0.175	-0.052	-0.042	0.790	1.266
	Education	-0.210	0.059	-0.160	-3.564	0.000	-0.326	-0.094	-0.304	-0.186	-0.150	0.881	1.135
	Entrepreneurial motives	0.420	0.047	0.396	8.906	0.000	0.327	0.513	0.497	0.427	0.376	0.899	1.112
	Entrepreneurial capitals	0.245	0.044	0.255	5.541	0.000	0.158	0.332	0.422	0.282	0.234	0.839	1.192
3	(Constant)	1.329	0.275		4.837	0.000	0.789	1.869					
	Age	-0.031	0.042	-0.039	-0.747	0.456	-0.114	0.051	-0.109	-0.040	-0.031	0.636	1.572
	Gender	-0.023	0.067	-0.014	-0.335	0.738	-0.155	0.110	0.006	-0.018	-0.014	0.969	1.032
	Number of years in business	0.044	0.057	0.039	0.779	0.437	-0.067	0.155	0.017	0.041	0.033	0.714	1.401
	Turnover	-0.074	0.078	-0.045	-0.946	0.345	-0.227	0.080	-0.175	-0.050	-0.040	0.789	1.267
	Education	-0.210	0.059	-0.160	-3.582	0.000	-0.325	-0.095	-0.304	-0.187	-0.150	0.881	1.135
	Entrepreneurial motives	0.418	0.047	0.395	8.916	0.000	0.326	0.511	0.497	0.428	0.374	0.899	1.112
	Entrepreneurial capitals	0.244	0.044	0.254	5.538	0.000	0.157	0.330	0.422	0.282	0.233	0.839	1.192
	Interaction (motives x entrepreneurial capitals)	-0.107	0.050	-0.091	-2.136	0.033	-0.205	-0.008	-0.097	-0.113	-0.090	0.969	1.032

a. Dependent Variable: Entrepreneurial performance

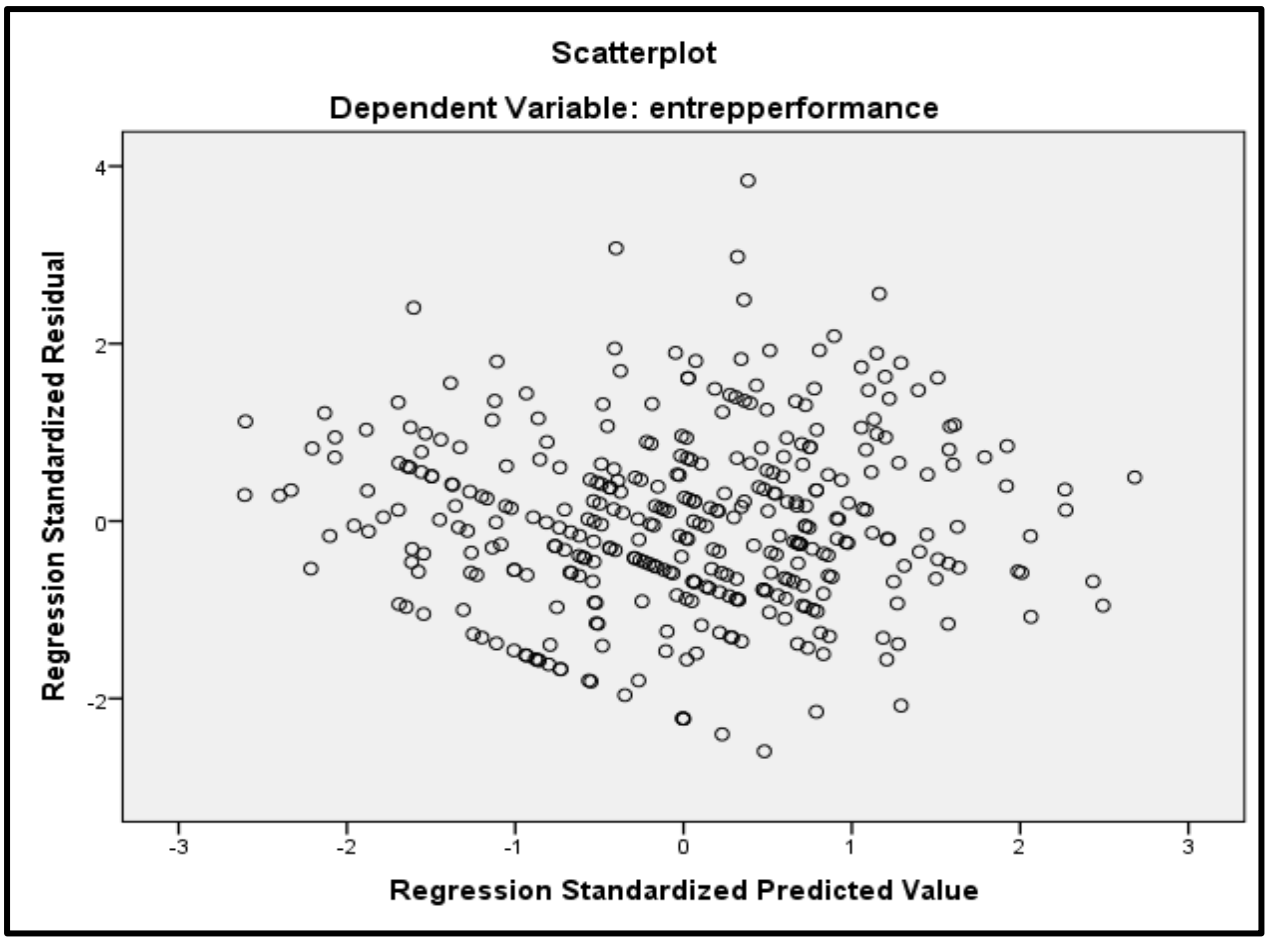


Figure 4.38 – Scatterplot for Hypothesis 4c

Both the histogram (Figure 4.39) and P-P plot (Figure 4.40) indicate that data is fairly normally distributed.

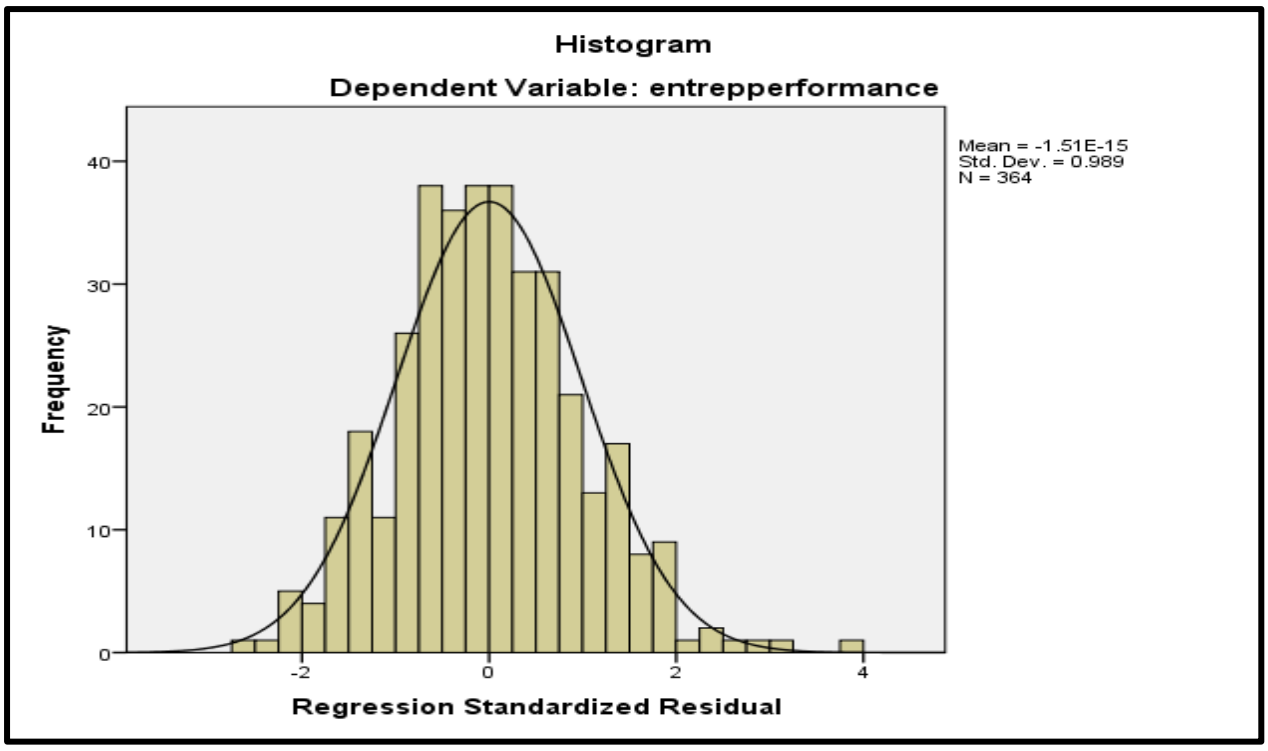


Figure 4.39 – Histogram for Hypothesis 4c

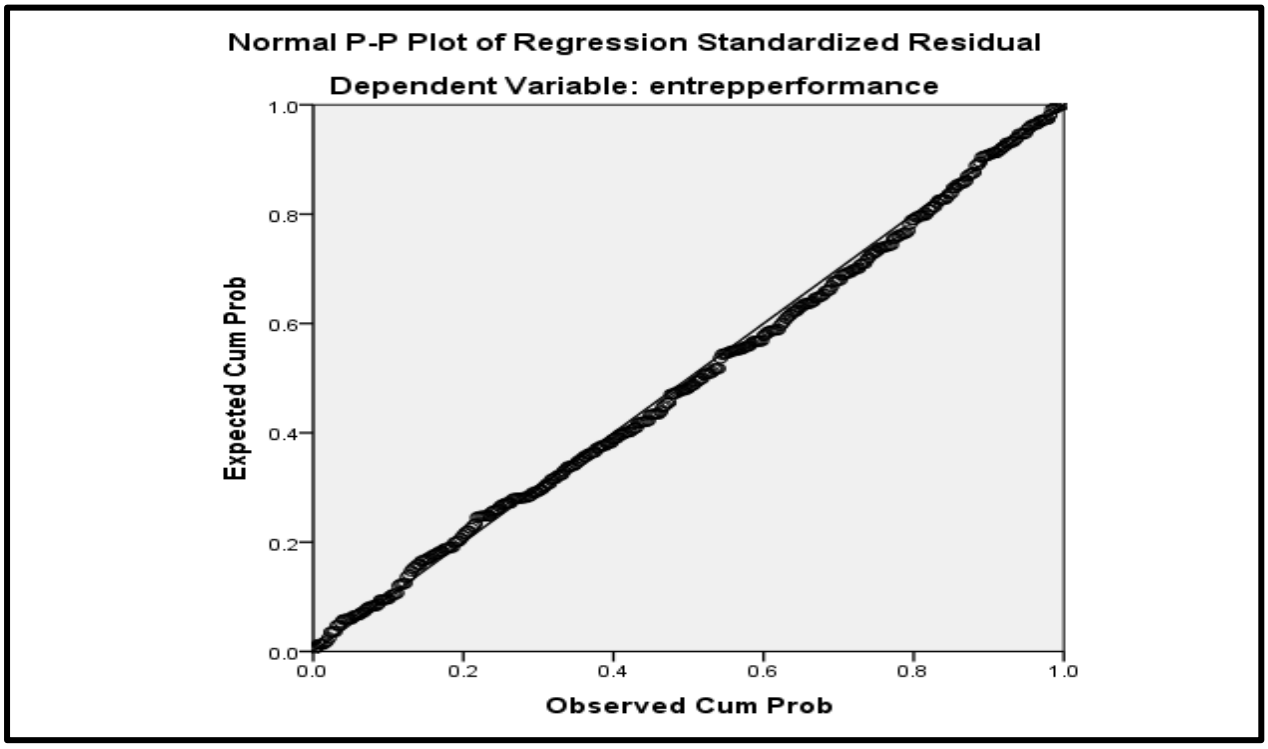


Figure 4.40 – P-P plot for Hypothesis 4c

Table 4.97 – Multiple regression table for Hypothesis 4c

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.311***	0.299			
(Constant)			2.086	0.239	
Age			-0.037	0.044	-0.047
Gender			0.004	0.070	0.002
Number of years in business			0.092	0.059	0.081
Turnover			-0.112	0.081	-0.068
Education			-0.292	0.059	-0.223***
Entrepreneurial motives			0.479	0.048	0.452***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.366***	0.353			
(Constant)			1.255	0.274	
Age			-0.023	0.042	- 0.029
Gender			-0.014	0.068	-0.009
Number of years in business			0.053	0.057	0.047
Turnover			-0.077	0.078	-0.047
Education			-0.210	0.059	-0.160***
Entrepreneurial motives			0.420	0.047	0.396***
Entrepreneurial capitals			0.245	0.044	0.255***
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.374***	0.360			
(Constant)			1.329	0.275	
Age			-0.031	0.042	-0.039
Gender			-0.023	0.067	-0.014
Number of years in business			0.044	0.057	0.039
Turnover			-0.074	0.078	-0.045
Education			-0.210	0.059	-0.160***
Entrepreneurial motives			0.418	0.047	0.395***
Entrepreneurial capitals			0.244	0.044	0.254***
Entrepreneurial motives x entrepreneurial capitals			-0.107	0.050	-0.091*

*p<0.05; **p<0.01; ***p<0.001

Table 4.97 provides a summary of the regression results. The different control variables and the moderator variable, entrepreneurial motives accounted for 31.1% of variance in perceptions around the desirability of formality (R^2 = 0.311) in step one. In step two, the introduction of entrepreneurial capitals accounted for a further

5.5% of total variance (R^2 = 0.366). Finally, in step three, the inclusion of the interaction variable (entrepreneurial motive x entrepreneurial capitals) accounted for a marginal 0.8% of total variance (R^2 = 0.374). The regression model is significant overall (step one – F = 26.864; p<0.001; step 2 – F = 29.327; p<0.001; step 3 – F = 26.488; p<0.001). A significant yet negative relationship, at the 0.05, level between the interaction variable and entrepreneurial performance was identified. Moreover, while additional variance is accounted for through the addition of the interaction variable, the effect size was not particularly large. Therefore, partial support was found for Hypothesis 4c.

4.5.3.3 Reflecting on the moderating effects of ESE and entrepreneurial motives

The moderating effect of ESE and entrepreneurial motives were tested in relation to the attainment of entrepreneurial resources and entrepreneurial legitimacy. In both instances, results were mixed, with interaction variables accounting for some variance, but not, for the most part, being related positively and significantly to the outcome variable. This suggests a weak moderating effect in both instances. In terms of entrepreneurial self-efficacy, this is attributable to the fact the entrepreneurs in hostile environments, such as the informal economy, might struggle with self-belief due to lack of education, skills and experience (see Luthans and Ibrayeva, 2006). Despite this, it should be noted that in most instances, the moderating variable, ESE, on its own proved to be significantly and positively related to the outcome variable, which problematically impacts the interpretability of the interaction variable (Baron and Kenny, 1986).

A similar pattern emerged for entrepreneurial motives. In two of the three regression models, the interaction variable was significantly and negatively correlated with the outcome variable. This suggested that, while the interaction path was significant, and indicative of a moderating effect, the directionality of the relationship unexpected. As such, it may be argued that opportunity motives might not have a direct bearing on the different hypothesised relationships. Notwithstanding this, positive relationships between motives and the different outcome variables were observed. This confounds the interpretability of the interaction term accordingly (Baron and Kenny, 1986).

Further to this, in both instances, it is possible that suppressor variables might have additionally impacted the effect of the moderator variables. As Tabachnick and Fidell (2007: 155) suggest

> …a third type of suppression occurs when the sign of a regression weight of an (independent variable) is the opposite of what would be expected on the basis of its correlation with the (dependent variable). This is negative of net suppression.

Identifying suppressors is nonetheless difficulty, especially where there is more than one predictor (Tabachnick and Fidell, 2007).

4.5.4 The mediating influence of hybrid values

In order to ascertain the twin effects of hybrid values on the relationship between entrepreneurial aspiration and the attainment of entrepreneurial capitals, as well as between entrepreneurial capitals and entrepreneurial legitimacy, mediation was used. Here, Baron and Kenny's (1986) conceptualisation of a mediator, such that it

‘accounts for the relation between predictor and criterion’ was adopted. To this end the following hypotheses are thus stated:

H5a (alternative):

Hybrid values mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.

H5a (null):

Hybrid values do not mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals.

H5b (alternative):

Hybrid values mediate the relationship between entrepreneurial capitals and formalisation.

H5b (null):

Hybrid values do not mediate the relationship between entrepreneurial capitals and formalisation.

H5c (alternative)

Hybrid values mediate the relationship between entrepreneurial capitals and entrepreneurial performance.

H5c (null)

Hybrid values do not mediate the relationship between entrepreneurial capitals and entrepreneurial performance.

Each hypothesis is tested below using Baron and Kenny's (1986) process to test for mediation (see Chapter Three).

4.5.4.1 The mediating influence of hybrid values on the relationship between entrepreneurial identity aspiration and entrepreneurial capitals

A three- step regression was run to investigate the influence of the mediator. In step one, the mediator, entrepreneurial values[29], was regressed on the predictor variable, entrepreneurial identity aspiration (EIA), such that mediator was treated as the outcome variable. In the second step, the outcome variable, entrepreneurial capitals, was regressed on the predictor variable, entrepreneurial identity aspiration. In step three, the outcome variable, entrepreneurial capitals, was regressed on the predictor variable, entrepreneurial identity aspiration, and the mediator, entrepreneurial values. Various control variables used in previous regression analyses were included accordingly.

Descriptive statistics and correlations reflected in the regression equation for step one, are shown in Table 4.98 below.

[29] Here, entrepreneurial values were taken to reflect hybrid values because of the composite nature of the scale, such that it includes both archetypal western and indigenous values.

Table 4.98 – Descriptive statistics and correlations for Hypothesis 5a (step one)

		Mean	SD	1	2	3	4	5	6
Pearson Correlation & Sig.	1. Entrepreneurial values	1.967	.5307						
	2. Age	2.77	.989	-0.248***					
	3. Gender	1.55	.498	0.011	-0.014				
	4. Number of years in business	1.83	.691	-0.139**	0.499***	0.057			
	5. Turnover	1.34	.475	-0.148**	0.419***	-0.019	0.258***		
	6. Education	2.21	.596	-0.129**	0.078	0.114*	-0.027	0.141**	
	7. Entrepreneurial identity aspiration	1.779	.7354	0.272***	0.008	0.010	0.025	-0.074	-0.170**

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 369

An initial significant relationship was found between the mediator, entrepreneurial values, as outcome variable, and the independent variable, entrepreneurial identity aspiration.

Different assumptions related to the regression were examined:

- Multicollinearity: no evidence of multicollinearity was found in Table 4.98 (with all correlations below 1). Moreover, VIFs and tolerance statistics were at acceptable levels (below 10 and above 0.1 respectively) (see Table 4.99 below).

Table 4.99 – Coefficients for regression model (Hypothesis 5a) (step one)

Model		Unstandardized Coefficients		Standardized 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)	2.141	0.168		12.766	0.000	1.811	2.470					
	Age	-0.118	0.032	-0.220	-3.668	0.000	-0.182	-0.055	-0.248	-0.189	-0.179	0.656	1.524
	Gender	0.015	0.052	0.014	0.294	0.769	-0.088	0.119	0.011	0.015	0.014	0.978	1.023
	Number of years in business	-0.026	0.044	-0.034	-0.594	0.553	-0.112	0.060	-0.139	-0.031	-0.029	0.737	1.357
	Turnover	-0.020	0.061	-0.018	-0.328	0.743	-0.139	0.099	-0.148	-0.017	-0.016	0.804	1.244
	Education	-0.060	0.045	-0.067	-1.335	0.183	-0.148	0.028	-0.129	-0.070	-0.065	0.932	1.073
	EIA	0.189	0.036	0.262	5.290	0.000	0.119	0.259	0.272	0.268	0.257	0.965	1.036

a. Dependent Variable: Entrepreneurial values

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.41 revealed only one potential, marginal outlier, falling just outside the range of +3.3 to -3.3 (Tabachnick and Fidell's (2001). For large samples, a number of outliers are not unexpected, and with only one, no action was considered necessary (Pallant, 2005).

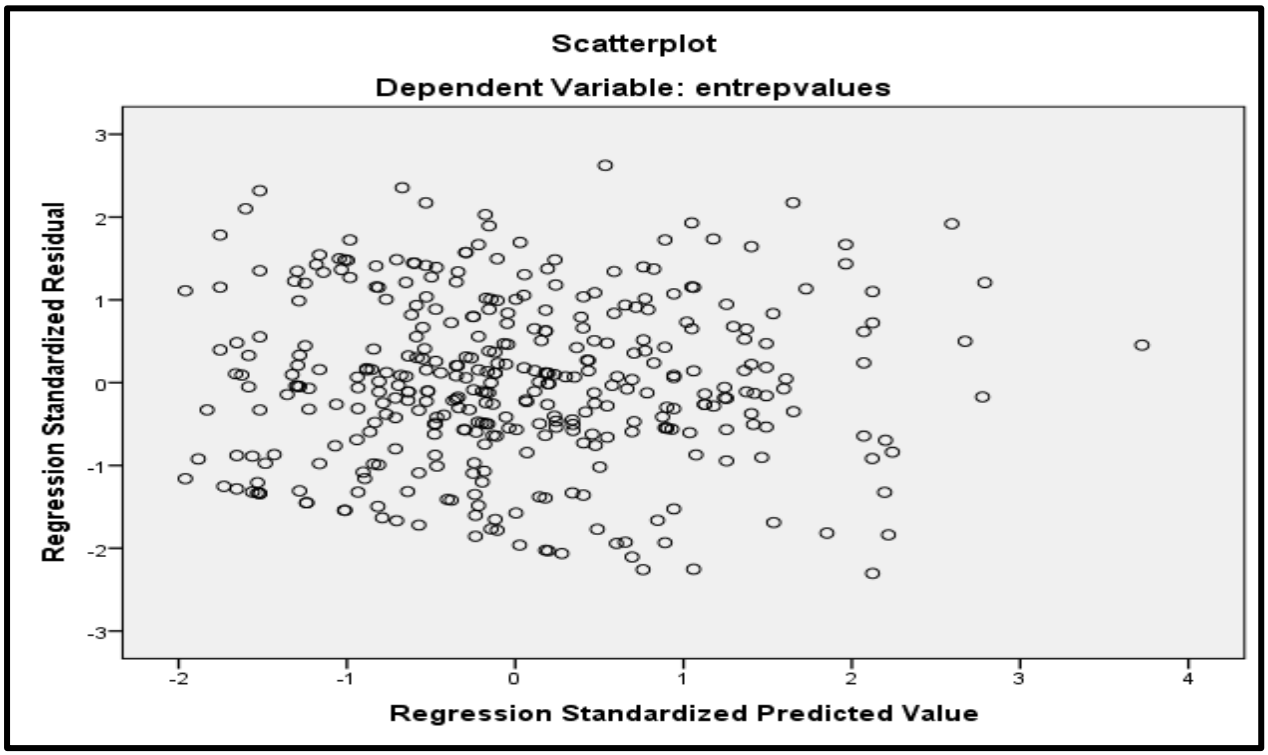


Figure 4.41 – Scatterplot for Hypothesis 5a (step one)

The histogram (figure 4.42) and P-P plot (figure 4.43) indicate a normal distribution of the data.

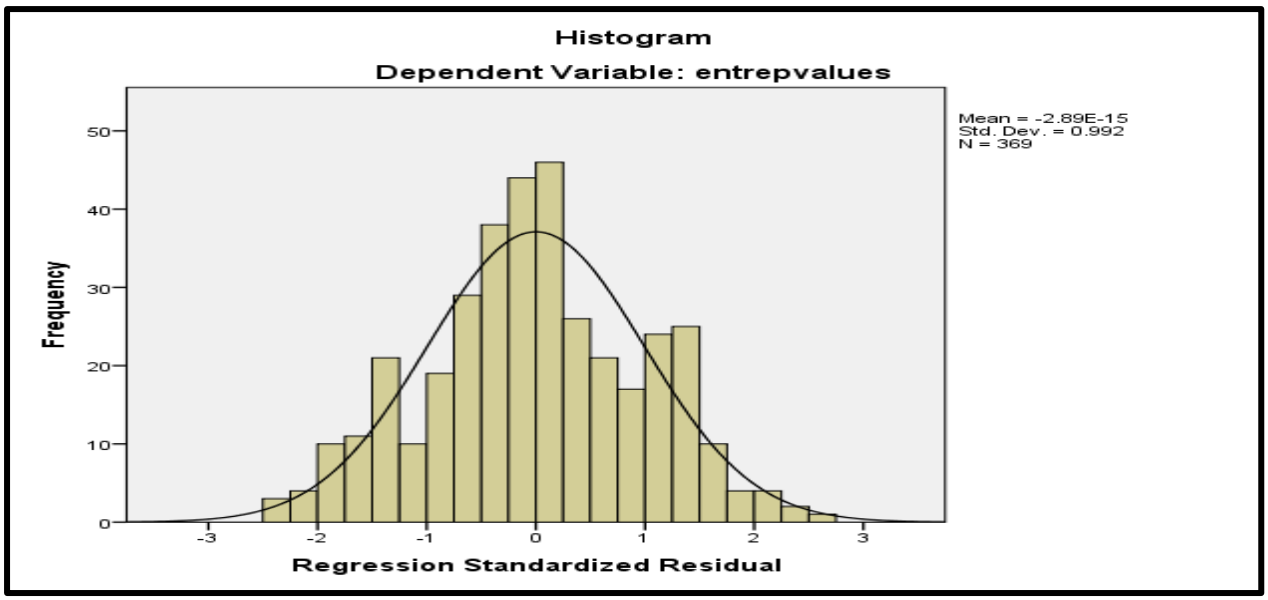


Figure 4.42 – Histogram for Hypothesis 5a (step one)

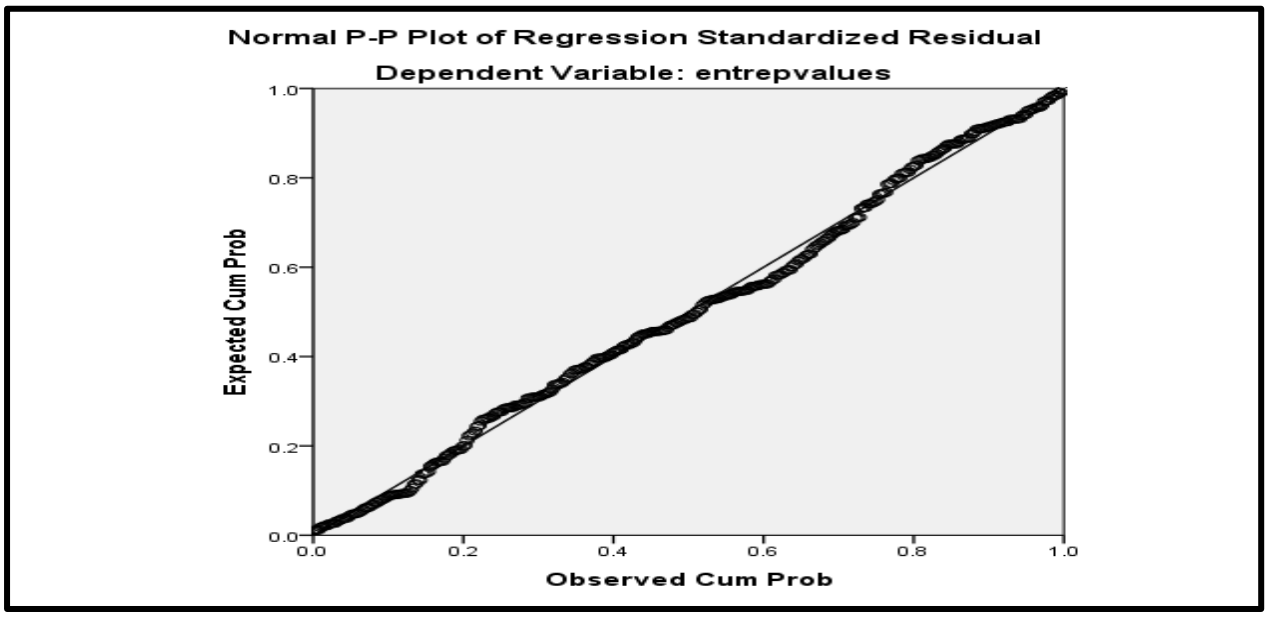


Figure 4.43 – P-P plot for Hypothesis 5a (step one)

Descriptive statistics and correlations reflected in the regression equations for step two and three, using entrepreneurial capitals, as the outcome variable, are shown in table 4.100 below.

Table 4.100 – Descriptive statistics and correlations for Hypothesis 5a (steps two and three)

		Mean	SD	1	2	3	4	5	6	7
Pearson Correlation & Sig.	1. Entrepreneurial capitals	3.219	0.8218							
	2. Age	2.77	0.989	-0.069						
	3. Gender	1.55	0.498	0.031	-0.014					
	4. Number of years in business	1.83	0.691	0.078	0.499***	0.057				
	5. Turnover	1.34	0.475	-0.137**	0.419***	-0.019	0.258***			
	6. Education	2.21	0.596	-0.286***	0.078	0.114*	-0.027	0.141**		
	7. EIA	1.779	0.7354	0.171***	0.008	0.010	0.025	-0.074	-0.170**	
	8. Entrepreneurial values	1.967	0.5307	0.359***	-0.248***	0.011	-0.139	-0.148**	-0.129**	0.272***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 369

In reflecting on the correlations, between the mediator, entrepreneurial values, as outcome variable, and the independent variable, entrepreneurial identity aspiration, an initial significant relationship is found,

Again, different assumptions pertaining to the regression were examined:

- Multicollinearity: no evidence of multicollinearity was found in Table 4.100, with no correlations approaching one. Moreover, with no VIF above 10 and no tolerance statistic below 0.1, both statistics were found to be at acceptable levels (refer to Table 4.101 below).

Table 4.101 – Coefficients for regression model (Hypothesis 5a) (steps two and three)

Model		Unstandardized Coefficients		Standardized 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)	3.726	0.263		14.178	0.000	3.210	4.243					
	Age	-0.061	0.051	-0.074	-1.210	0.227	-0.161	0.038	-0.069	-0.063	-0.060	0.656	1.524
	Gender	0.079	0.082	0.048	0.964	0.336	-0.082	0.241	0.031	0.051	0.047	0.978	1.023
	Number of years in business	0.151	0.068	0.127	2.213	0.028	0.017	0.285	0.078	0.116	0.109	0.737	1.357
	Turnover	-0.163	0.095	-0.094	-1.714	0.087	-0.350	0.024	-0.137	-0.090	-0.084	0.804	1.244
	Education	-0.342	0.070	-0.249	-4.869	0.000	-0.481	-0.204	-0.286	-0.248	-0.240	0.932	1.073
	EIA	0.133	0.056	0.119	2.377	0.018	0.023	0.243	0.171	0.124	0.117	0.965	1.036
2	(Constant)	2.645	0.300		8.815	0.000	2.055	3.235					
	Age	-0.001	0.049	-0.002	-0.029	0.977	-0.097	0.095	-0.069	-0.002	-0.001	0.633	1.580
	Gender	0.071	0.078	0.043	0.917	0.360	-0.082	0.225	0.031	0.048	0.043	0.977	1.023
	Number of years in business	0.164	0.065	0.138	2.535	0.012	0.037	0.292	0.078	0.132	0.118	0.736	1.359
	Turnover	-0.153	0.090	-0.088	-1.696	0.091	-0.330	0.024	-0.137	-0.089	-0.079	0.804	1.244
	Education	-0.312	0.067	-0.227	-4.671	0.000	-0.444	-0.181	-0.286	-0.239	-0.218	0.927	1.078
	EIA	0.038	0.055	0.034	0.683	0.495	-0.071	0.146	0.171	0.036	0.032	0.896	1.116
	Entrepreneurial values	0.505	0.078	0.326	6.470	0.000	0.352	0.659	0.359	0.322	0.302	0.858	1.166

a. Dependent Variable: entrepreneurial capitals

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: no evidence was found of outliers in the scatterplot shown in Figure 4.44 (with non-standardised residuals falling outside Tabachnick and Fidell's (2007) range of -3.3 to +3.3.

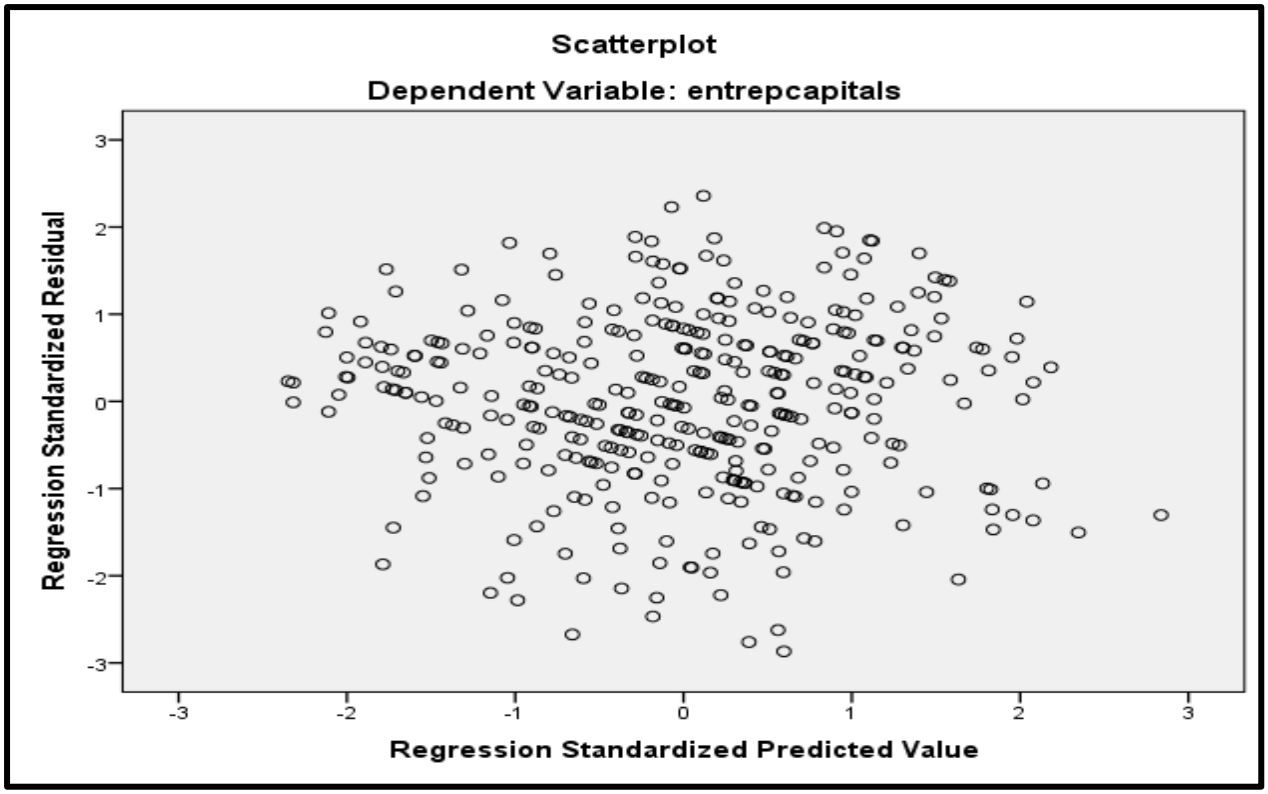


Figure 4.44 – Scatterplot for Hypothesis 5a (steps two and three)

Both the histogram (Figure 4.45) and P-P plot (Figure 4.46) illustrated a normal distribution of data.

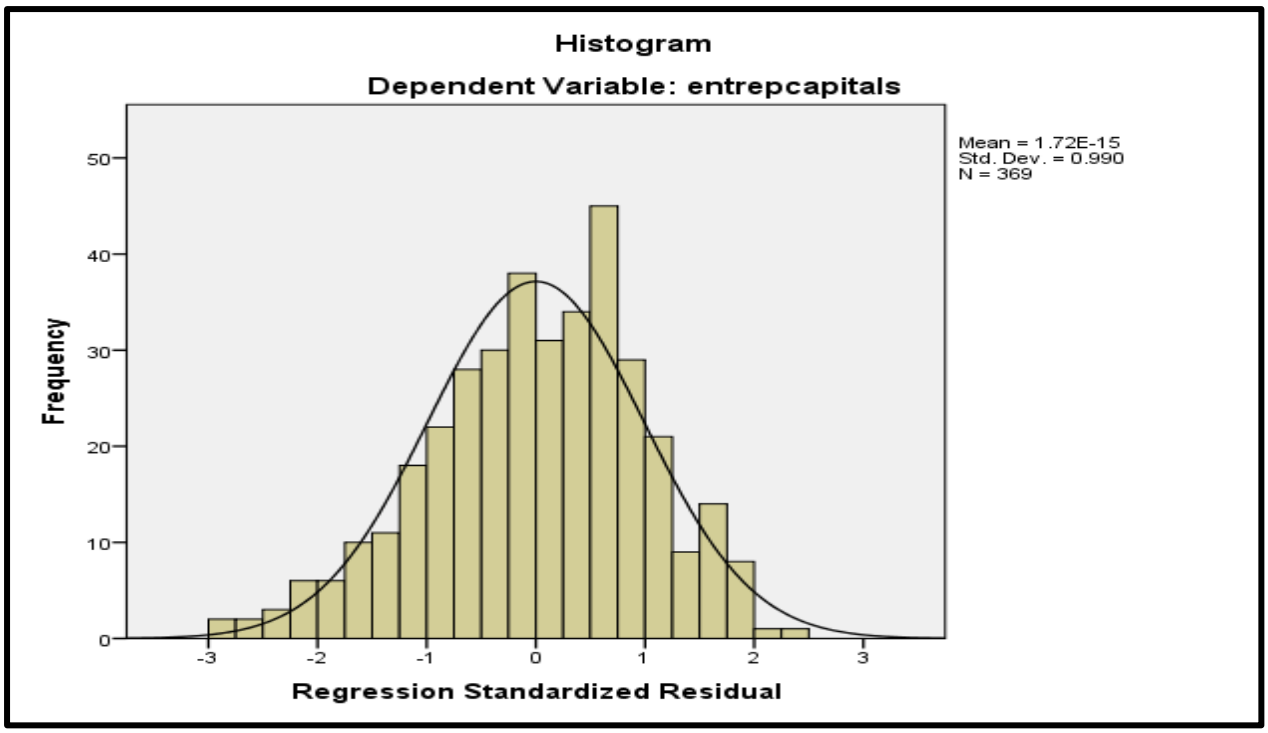


Figure 4.45 – Histogram for Hypothesis 5a (steps two and three)

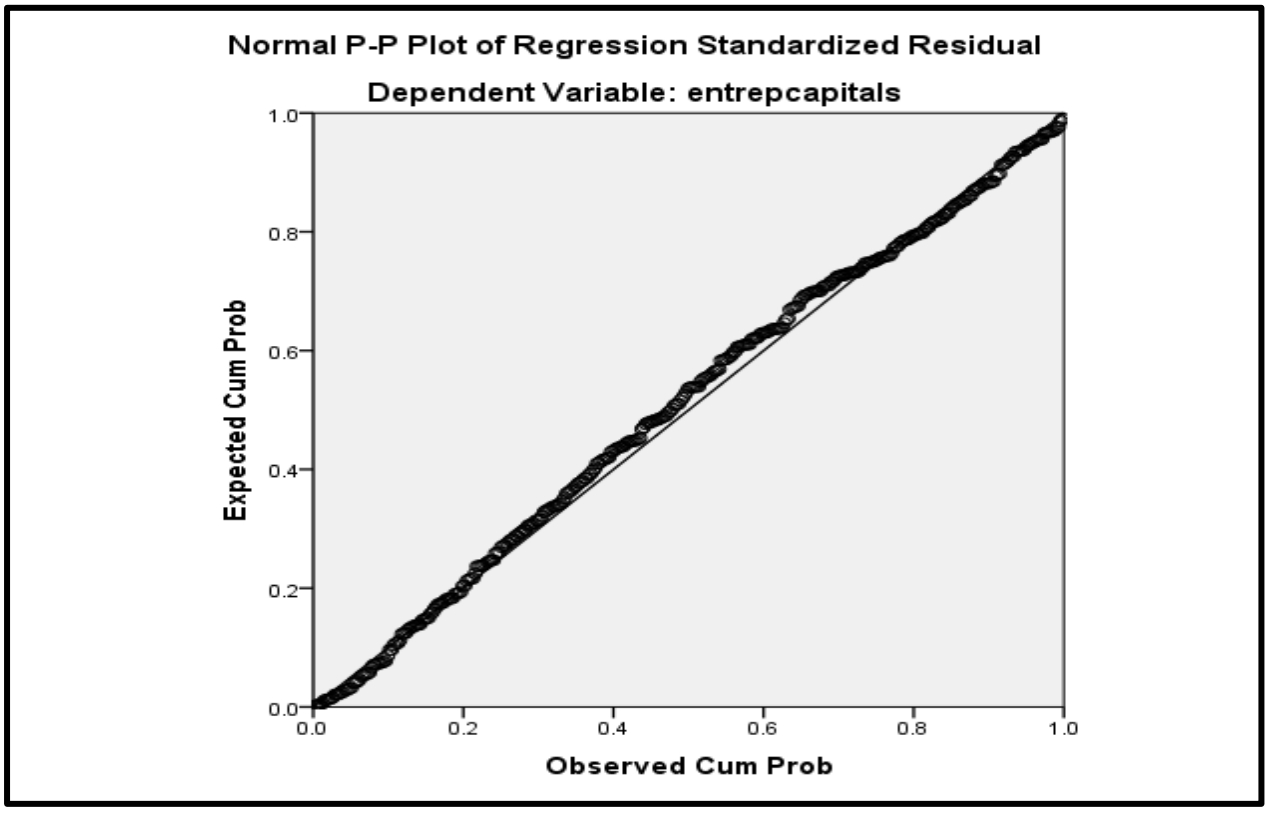


Figure 4.46 – P-P plot for Hypothesis 5a (steps two and three)

Table 4.102 summarises the results of the mediation analysis. In all three instances, the regression models prove significant (step 1 – F = 10.007; p<0.001; step 2 – F = 8.295; p<0.001; step 3 – F = 13.893; p<0.001). There are three conditions required, in order to establish mediation (Baron and Kenny, 1986). In the first regression (step one), the predictor variable (entrepreneurial aspiration identity) must affect the mediator (outcome) variable (entrepreneurial values). This condition was met, as entrepreneurial identity aspiration was significantly related to entrepreneurial values (β=0.262; p<0.001). In the second regression (step two), the predictor variable must affect the outcome variable (entrepreneurial capitals). This condition was met, as entrepreneurial identity aspiration was significantly related to entrepreneurial capitals (β=0.119; p<0.05). In the third regression (step three), the mediator (entrepreneurial values) must impact the outcome variable, while the predictor variable (entrepreneurial identity aspiration) has no effect. Both these conditions were met, as entrepreneurial values was significantly related to entrepreneurial capitals (β=0.326; p<0.001), while entrepreneurial identity aspiration is now unrelated to entrepreneurial capitals. Therefore, initial support is found for hypothesis 5a in that hybrid values mediate the relationship between entrepreneurial identity aspiration and entrepreneurial capitals[30]. Figure 4.47 below illustrates the final mediation model.

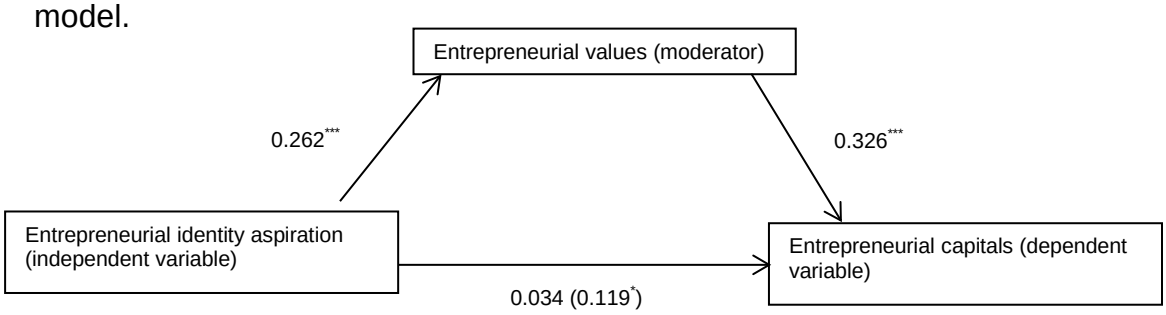


Figure 4.47 – Final mediation model (Hypothesis 5a) *p<0.05; **p<0.01; ***p<0.001

[30] While arguably more rigorous procedures might be undertaken to test for mediation, Baron and Kenny's (1986) procedure is widely adopted and accepted practice (see Preacher and Hayes, 2004).

Table 4.102 – Multiple regression table for Hypothesis 5a

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.142***	0.106			
(Constant)			2.141	0.168	
Age			-0.118	0.032	-0.220***
Gender			0.015	0.052	0.014
Number of years in business			-0.026	0.044	-0.034
Turnover			-0.020	0.061	-0.018
Education			-0.060	0.045	-0.067
Entrepreneurial identity aspiration			0.189	0.036	0.262***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.121***	0.197			
(Constant)			3.726	0.263	
Age			-0.061	0.051	-0.074
Gender			0.079	0.082	0.048
Number of years in business			0.151	0.068	0.127*
Turnover			-0.163	0.095	-0.094
Education			-0.342	0.070	-0.249***
Entrepreneurial identity aspiration			0.133	0.056	0.119*
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.212***	0.360			
(Constant)			2.645	0.300	
Age			-0.001	0.049	-0.002
Gender			0.071	0.078	0.043
Number of years in business			0.164	0.065	0.138*
Turnover			-0.153	0.090	-0.088
Education			-0.312	0.067	-0.227***
Entrepreneurial identity aspiration			0.038	0.055	0.034
Entrepreneurial values			0.505	0.078	0.326***

*p<0.05; **p<0.01; ***p<0.001

4.5.4.2 The mediating influence of hybrid values on the relationship between entrepreneurial capitals and formalisation

In order to investigate the influence of values as a mediator, a three-step regression was run. The mediator was regressed on the predictor variable, entrepreneurial

capitals, in step one, as if the mediator were the outcome variable. The outcome variable, formalisation, was regressed on the predictor variable, entrepreneurial capitals, in step two. Formalisation, as the outcome variable, was regressed on entrepreneurial capitals (predictor variable) and entrepreneurial values (mediator) in step three. The different control variables were included as in all other instance.

Descriptive statistics and correlations, using the mediator, entrepreneurial values, as the outcome variable (step one) are shown in Table 4.103 below.

Table 4.103– Descriptive statistics and correlations for Hypothesis 5b (step one)

		Mean	SD	1	2	3	4	5	6
Pearson Correlation & Sig.	1. Entrepreneurial values	1.967	0.5307						
	2. Age	2.77	0.989	-0.248***					
	3. Gender	1.55	0.498	0.011	-0.014				
	4. Number of years in business	1.83	0.691	-0.139**	0.499***	0.057			
	5. Turnover	1.34	0.475	-0.148**	0.419***	-0.019	0.258***		
	6. Education	2.21	0.596	-0.129**	0.078	0.114*	-0.027	0.141**	
	7. Entrepreneurial capitals	3.219	0.8218	0.359***	-0.069	0.031	0.078	-0.137**	-0.286***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n= 369

By taking due consideration of the correlations, a significant relationship is detected between the mediator, entrepreneurial values, as outcome variable, and the predictor variable, entrepreneurial capitals.

Different assumptions were examined accordingly:

- Multicollinearity: an examination of the correlations in Table 4.103 revealed no evidence of multicollinearity (with no correlations of 1). Moreover, both VIFs and tolerance statistics were found to be acceptable, with no VIF above 10 and no tolerance statistic below 0.1 accordingly (see Table 4.104).

Table 4.104 – Coefficients for regression model (Hypothesis 5b) (step one)

Model		Unstandardized Coefficients		Standardized 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)	1.655	0.195		8.499	0.000	1.272	2.037					
	Age	-0.099	0.031	-0.185	-3.158	0.002	-0.161	-0.038	-0.248	-0.164	-0.150	0.655	1.527
	Gender	0.004	0.051	0.004	0.080	0.936	-0.097	0.105	0.011	0.004	0.004	0.976	1.025
	Number of years in business	-0.057	0.043	-0.074	-1.335	0.183	-0.141	0.027	-0.139	-0.070	-0.063	0.727	1.376
	Turnover	-0.001	0.059	-0.001	-0.017	0.986	-0.118	0.116	-0.148	-0.001	-0.001	0.800	1.250
	Education	-0.016	0.045	-0.018	-0.350	0.727	-0.104	0.072	-0.129	-0.018	-0.017	0.889	1.125
	Entrepreneurial capitals	0.224	0.032	0.347	6.910	0.000	0.160	0.288	0.359	0.341	0.328	0.893	1.120

a. Dependent Variable: entrepvalues

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.41 was analysed for outliers using Tabachnick and Fidell's (2007) definition of outliers. One marginal outlier was apparent. However, this does not seem to fall outside the prescribed range of +3.3 to -3.3.

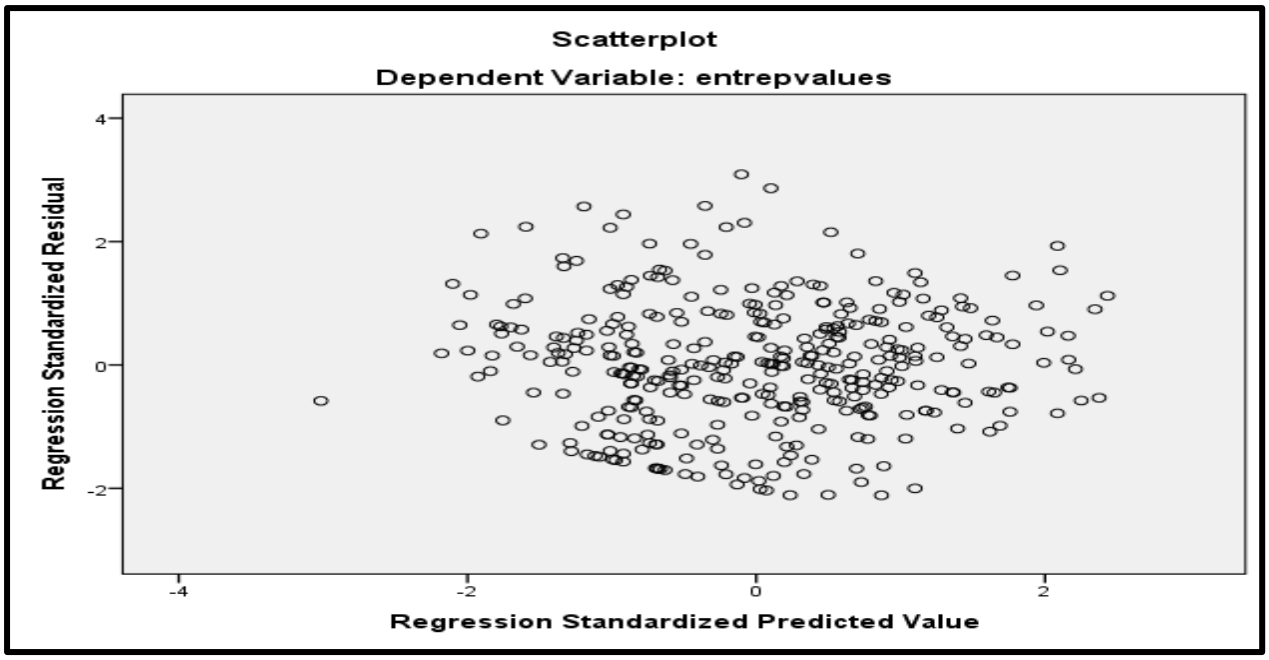


Figure 4.48 – Scatterplot for Hypothesis 5b (step 1)

Normality was assessed using the histogram (Figure 4.49) and P-P plot (Figure 4.50) and data was found to be fairly normally distributed.

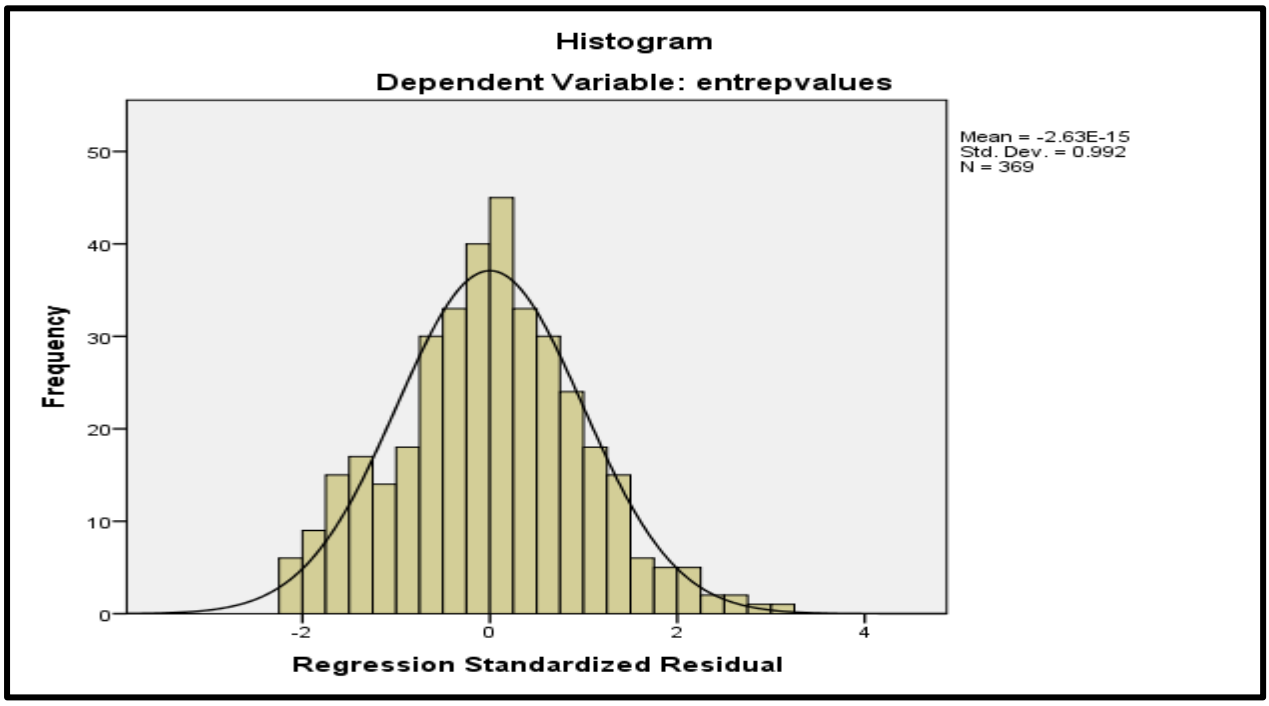


Figure 4.49 – Histogram for Hypothesis 5b (step one)

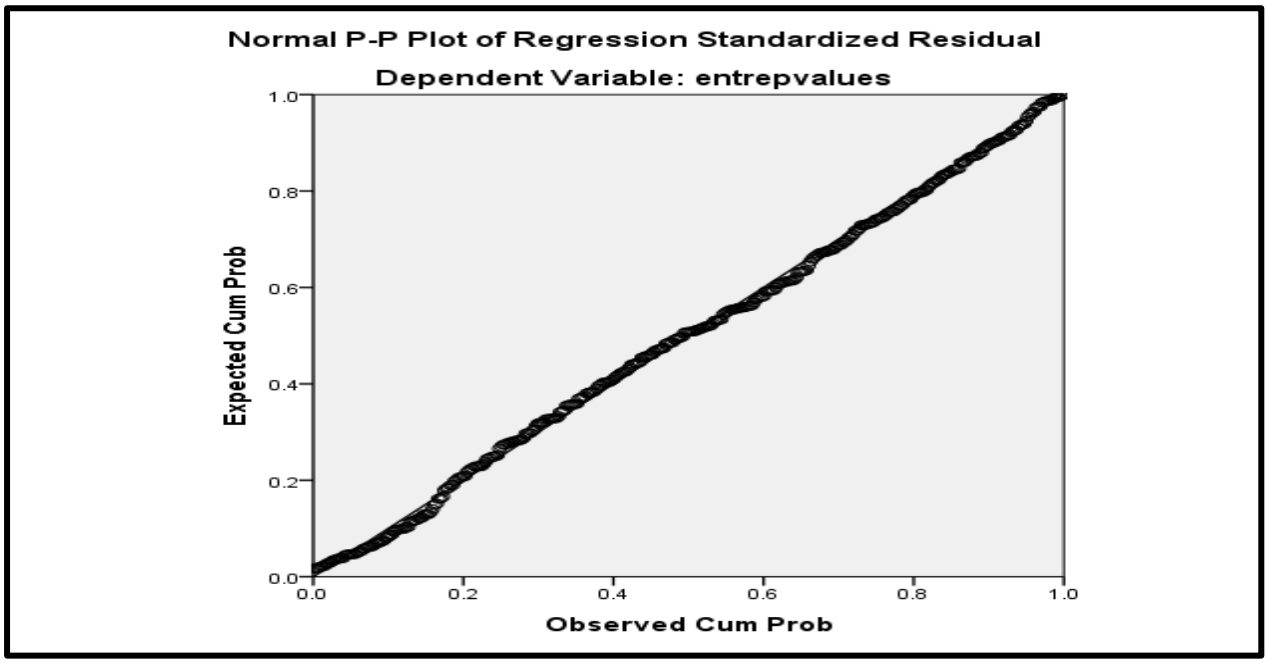


Figure 4.50 – P-P plot for Hypothesis 5b (step one)

Descriptive statistics and correlations for steps two and three, using entrepreneurial capitals as the outcome variable, are shown in table 4.105 below.

Table 4.105 – Descriptive statistics and correlations for Hypothesis 5b (steps two and three)

		Mean	SD	1	2	3	4	5	6	7
Pearson Correlation & Sig.	1. Formalisation	2.260	0.8013							
	2. Age	2.76	0.988	-0.082						
	3. Gender	1.55	0.498	0.039	-0.015					
	4. Number of years in business	1.83	0.693	0.050	0.501***	0.059				
	5. Turnover	1.34	0.475	-0.082	0.419***	-0.015	0.259***			
	6. Education	2.21	0.599	-0.358***	0.080	0.113*	-0.026	0.142**		
	7. Entrepreneurial capitals	3.215	0.8212	0.413***	-0.070	0.040	0.077	-0.142**	-0.285***	
	8. Entrepreneurial values	1.968	0.5329	0.543***	-0.249***	0.011	-0.139**	-0.149**	-0.130**	0.362***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 366

An initial significant relationship is thus identified, in reflecting on Table 4.105, between the predictor variable, entrepreneurial capitals, the mediator, entrepreneurial values, and the outcome variable, formalisation.

A synopsis of the different assumptions, relating to the regression analysis, follows here:

- Multicollinearity: a consideration of Table 4.105 further provides no evidence of multicollinearity, given that no correlations approach 1. Furthermore, the VIFs and tolerance statistics were below 10 and above 0.1 respectively, thus they are found to be at an acceptable level (see Table 4.106 below).

Table 4.106 – Coefficients for regression model (Hypothesis 5b) (steps 2 and 3)

Model		Unstandardized Coefficients		Standardized 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
	(Constant)	1.897	0.284		6.675	0.000	1.338	2.455					
	Age	-0.055	0.046	-0.068	-1.186	0.236	-0.146	0.036	-0.082	-0.062	-0.055	0.654	1.530
	Gender	0.085	0.075	0.053	1.135	0.257	-0.062	0.233	0.039	0.060	0.052	0.974	1.026
1	Number of years in business	0.050	0.062	0.043	0.804	0.422	-0.073	0.173	0.050	0.042	0.037	0.725	1.379
	Turnover	0.034	0.087	0.020	0.389	0.697	-0.137	0.205	-0.082	0.021	0.018	0.799	1.251
	Education	-0.357	0.065	-0.266	-5.456	0.000	-0.485	-0.228	-0.358	-0.277	-0.251	0.889	1.125
	Entrepreneurial captials	0.321	0.048	0.329	6.751	0.000	0.228	0.415	0.413	0.336	0.311	0.891	1.122
	(Constant)	0.734	0.273		2.694	0.007	0.198	1.270					
	Age	0.016	0.041	0.020	0.393	0.694	-0.065	0.097	-0.082	0.021	0.016	0.636	1.573
	Gender	0.085	0.066	0.053	1.297	0.195	-0.044	0.215	0.039	0.068	0.052	0.974	1.026
2	Number of years in business	0.090	0.055	0.078	1.635	0.103	-0.018	0.198	0.050	0.086	0.066	0.722	1.386
	Turnover	0.034	0.076	0.020	0.441	0.659	-0.116	0.183	-0.082	0.023	0.018	0.799	1.251
	Education	-0.346	0.057	-0.259	-6.044	0.000	-0.459	-0.234	-0.358	-0.304	-0.244	0.888	1.126
	Entrepreneurial capitals	0.162	0.044	0.166	3.641	0.000	0.074	0.249	0.413	0.189	0.147	0.786	1.272
	Entrepreneurial values	0.704	0.067	0 .468	10.471	0.000	0.571	0.836	0.543	0.484	0.422	0.815	1.227

a. Dependent Variable: formalisation

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: the scatterplot in Figure 4.51 was analysed for outliers. Using Tabachnick and Fidell's (2001) definition of outliers as cases with standardised residuals of more than +3.3 and less than -3.3, no outliers are discernible.

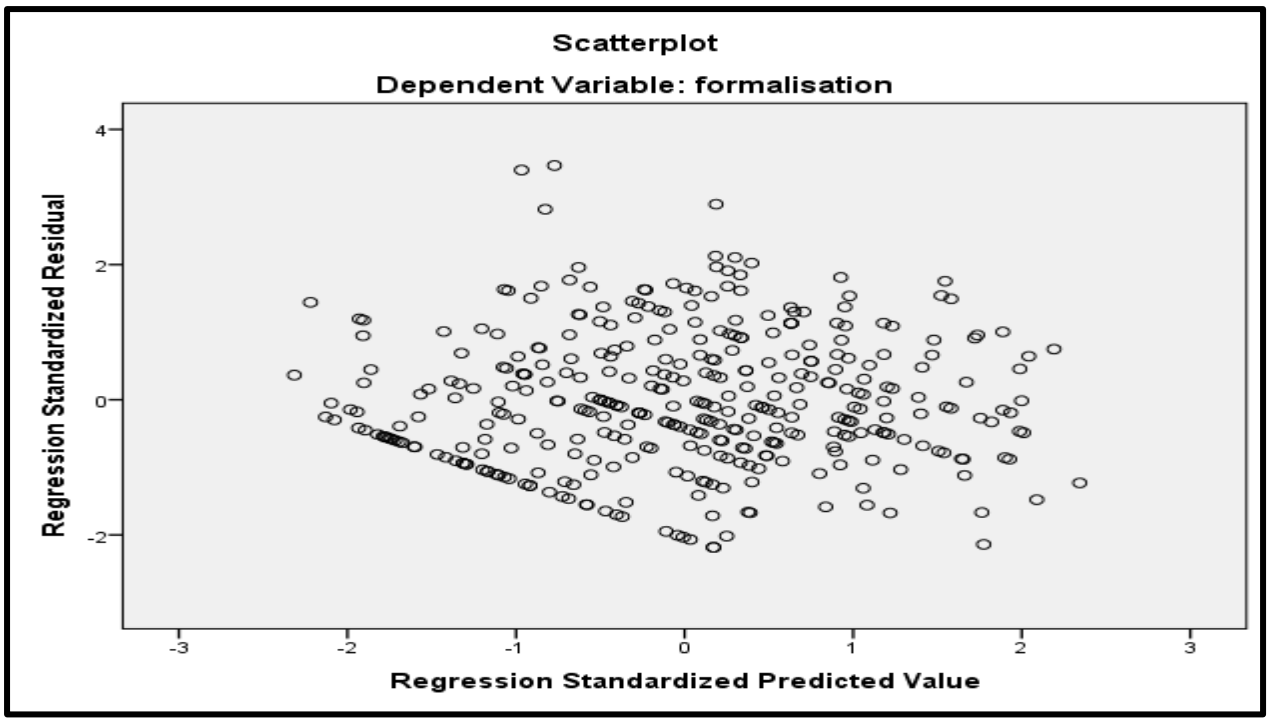


Figure 4.51 – Scatterplot for Hypothesis 5b (steps two and three)

Normality was assessed by means of the histogram (Figure 4.52) and P-P plot (Figure 4.53). Both indicate that data was fairly normally distributed.

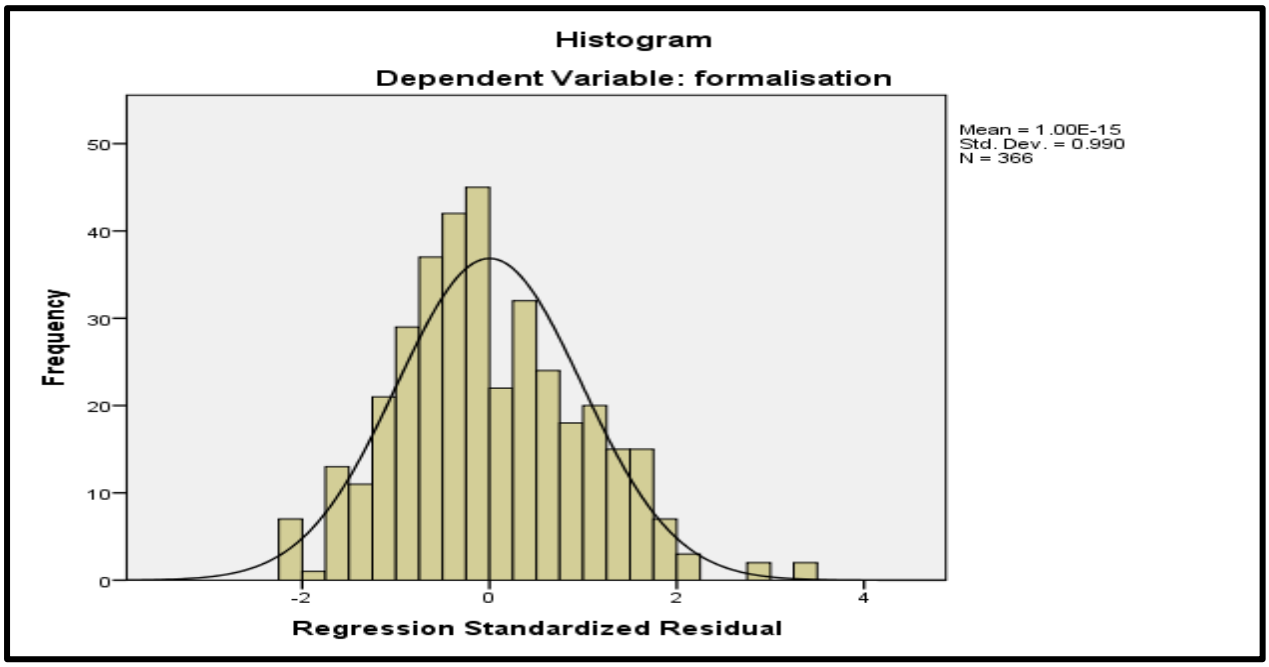


Figure 4.52 – Histogram for Hypothesis 5b (steps two and three)

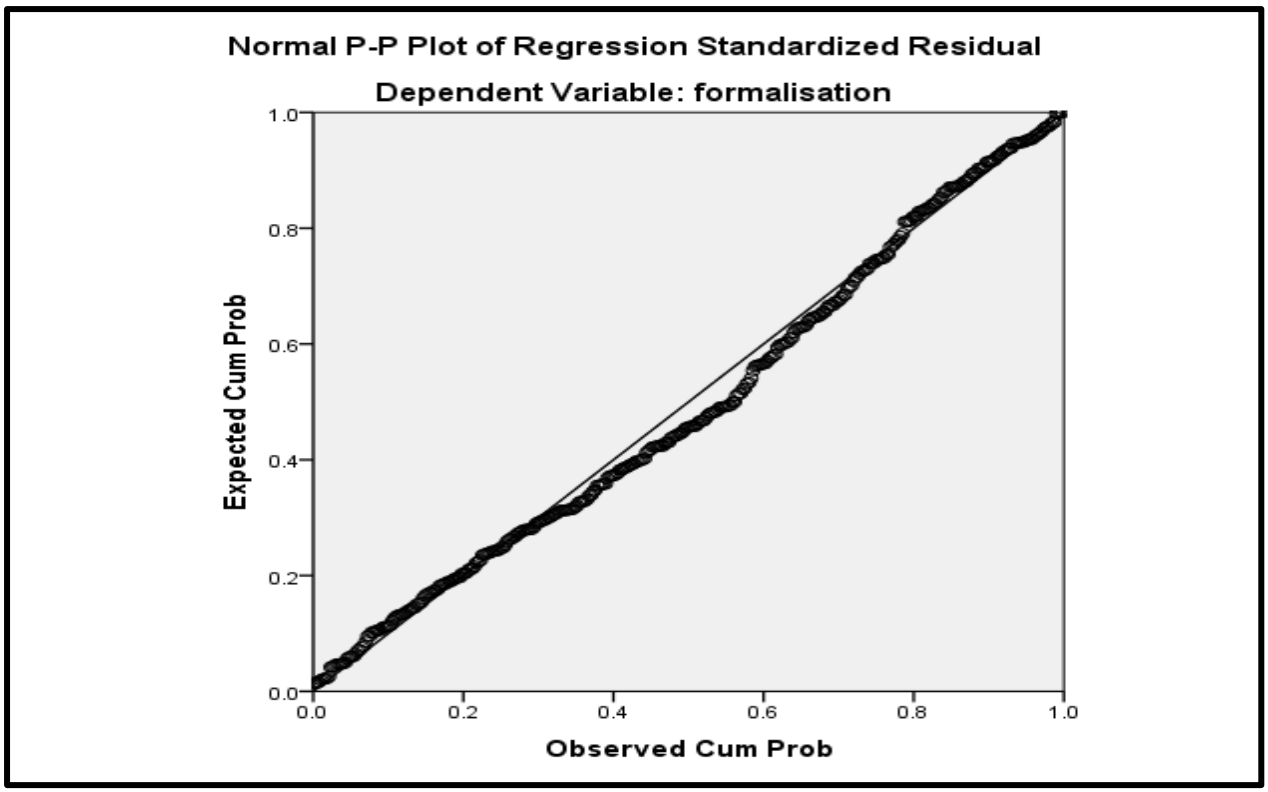
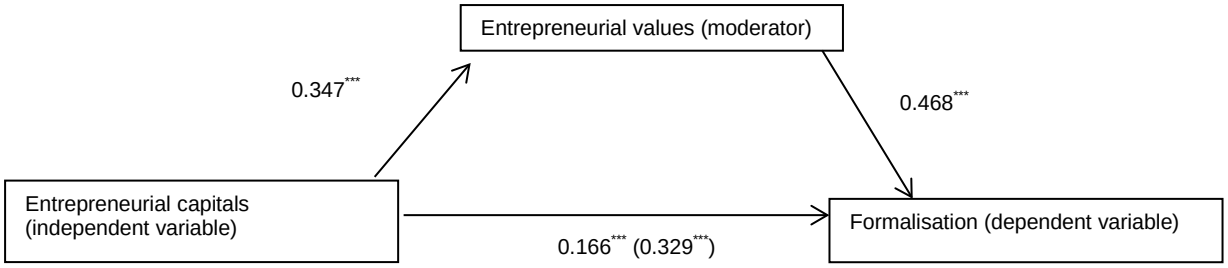


Figure 4.53 – P-P plot for Hypothesis 5b (steps two and three)

The results of the mediation analysis are shown in Table 4.107. All models are significant (step one – $F = 13.572$; $p<0.001$; step two – $F = 18.835$; $p<0.001$; step three – $F = 36.691$; $p<0.001$). To establish mediation, the three conditions proposed by Baron and Kenny (1986) must be satisfied. Therefore in step one, the entrepreneurial capitals (predictor variable) must affect the mediator (outcome) variable (entrepreneurial values). Entrepreneurial capitals was significantly related to entrepreneurial values accordingly ($\beta=0.347$; $p<0.001$). In step two, the predictor variable in the second regression must affect the outcome variable (entrepreneurial capitals). As entrepreneurial capitals was significantly related to formalisation ($\beta=0.329$; $p<0.001$), this condition was duly met. In step three, the mediator, (entrepreneurial values) must impact the outcome variable (formalisation) in the third regression, while the predictor variable (entrepreneurial capitals) has no effect.

Here, it was apparent that only one of these conditions is met as entrepreneurial values is significantly related to formalisation (β=0.468; p<0.001). However, entrepreneurial capitals also remains strongly and significantly related to formalisation (β=0.166; p<0.001). Thus, no support was found for hypothesis 5b because hybrid values did not mediate the relationship between entrepreneurial capitals and entrepreneurial capitals. As such, the alternative hypothesis is rejected, in favour of the null hypothesis. Figure 4.54 below illustrates the final mediation model.



*p<0.05; **p<0.01; ***p<0.001

Figure 4.54 – Final mediation model (Hypothesis 5b)

Table 4.107 – Multiple regression table for Hypothesis 5b

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.184***	0.170			
(Constant)			1.655	0.195	
Age			-0.099	0.031	-0.185
Gender			0.004	0.051	0.004
Number of years in business			-0.057	0.043	-0.074
Turnover			-0.001	0.059	-0.001
Education			-0.016	0.045	-0.018
Entrepreneurial capitals			0.224	0.032	0.347***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.239***	0.227			
(Constant)			1.897	0.284	
Age			-0.055	0.046	-0.068
Gender			0.085	0.075	0.053
Number of years in business			0.050	0.062	0.043
Turnover			0.034	0.087	0.020
Education			-0.357	0.065	-0.266***
Entrepreneurial capitals			0.321	0.048	0.329***
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.418***	0.406			
(Constant)			0.734	0.273	
Age			0.016	0.041	0.020
Gender			0.085	0.066	0.053
Number of years in business			0.090	0.055	0.078
Turnover			0.034	0.076	0.020
Education			-0.346	0.057	-0.259***
Entrepreneurial capitals			0.162	0.044	0.166***
Entrepreneurial values			0.704	0.067	0.468***

*p<0.05; **p<0.01; ***p<0.001

4.5.4.3 The mediating influence of hybrid values on the relationship between entrepreneurial capitals and entrepreneurial performance

The influence of values as mediator was once again examined using a three-step regression. In the first regression (step one), the mediator, entrepreneurial values,

was regressed on the predictor variable, entrepreneurial capitals, as though it was an outcome variable. In the second regression (step two), the outcome variable, entrepreneurial performance was regressed on the predictor variable, entrepreneurial capitals while in step three (the third regression), the outcome variable, entrepreneurial performance, was finally regressed on the predictor variable, entrepreneurial capitals, and the mediator, entrepreneurial values. The different control variables were again included.

For step one, given that the moderator and predictor remained the same as for Hypothesis 5(b), descriptive statistics and correlations reflected in the regression equation for Hypothesis 5(c), using the mediator, entrepreneurial values, as the outcome variable, are shown in Table 4.102 above. Again, in reflecting on the correlations, an initial significant relationship was found between the mediator, entrepreneurial values, as outcome variable, and the independent variable, entrepreneurial capitals.

Moreover, assumptions examined for step one of Hypothesis 5(b) held true for Hypothesis 5(c) such that no evidence of multicollinearity was found (see Tables 4.103 and 4.104 above). At the same time, the data was found to be fairly normally distributed with no discernible outliers observed (see Figures 4.48-4.50 above).

Descriptive statistics and correlations for steps two and three, using entrepreneurial performance, as the outcome variable, are however shown in Table 4.108 below.

Table 4.108 – Descriptive statistics and correlations for Hypothesis 5c (steps two and three)

		Mean	SD	1	2	3	4	5	6	7
Pearson Correlation& Sig.	1. Entrepreneurial performance	2.399	0.7872							
	2. Age	2.76	0.988	-0.114*						
	3. Gender	1.55	0.498	0.018	-0.017					
	4. Number of years in business	1.83	0.692	0.025	0.500***	0.057				
	5. Turnover	1.34	0.475	-0.172***	0.422***	-0.017	0.259***			
	6. Education	2.21	0.597	-0.301***	0.079	0.115*	-0.027	0.141**		
	7. Entrepreneurial capitals	3.221	0.8225	0.412***	-0.067	0.033	0.079	-0.138**	-0.287***	
	8. Entrepreneurial values	1.967	0.5314	0.442***	-0.248***	0.011	-0.139**	-0.148**	-0.129**	0.359***

*p<0.05; **p<0.01; ***p<0.001 after listwise deletion, n = 368

The predictor variable (entrepreneurial capitals), the mediator (entrepreneurial values), and the outcome variable (entrepreneurial performance) were found to be significantly related, in reflecting on the correlations in Table 4.108.

Different assumptions are accordingly examined:

- Multicollinearity: no evidence of multicollinearity was found, as correlations fell within an acceptable range (see Table 4.108). Moreover, VIFs and tolerance statistics were found to be at acceptable levels (with no VIF and tolerance statistic above 10 and below 0.1 respectively) (see Table 4.109 below).

- Outliers, normality, linearity, homoscedasticity, and independence of residuals: again, two marginal outliers were discernible in the scatterplot in Figure 4.55. However, these arguably fell just within Tabachnick and Fidell's (2007) prescribed range of between +3.3 and -3.3.

Table 4.109 – Coefficients for regression model (Hypothesis 5c) (steps two and three)

Model		Unstandardized Coefficients		Standardized 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)	2.080	0.282		7.364	0.000	1.525	2.636					
	Age	-0.050	0.046	-0.063	-1.099	0.273	-0.141	0.040	-0.114	-0.058	-0.051	0.652	1.533
	Gender	0.037	0.074	0.023	0.492	0.623	-0.110	0.183	0.018	0.026	0.023	0.975	1.026
	Number of years in business	0.051	0.062	0.045	0.820	0.413	-0.071	0.173	0.025	0.043	0.038	0.727	1.376
	Turnover	-0.138	0.086	-0.083	-1.594	0.112	-0.307	0.032	-0.172	-0.084	-0.074	0.797	1.254
	Education	-0.249	0.065	-0.189	-3.823	0.000	-0.377	-0.121	-0.301	-0.197	-0.178	0.888	1.126
	Entrepreneurial capitals	0.324	0.047	0.338	6.871	0.000	0.231	0.416	0.412	0.340	0.320	0.892	1.121
2	(Constant)	1.258	0.291		4.325	0.000	0.686	1.831					
	Age	-0.001	0.044	-0.001	-0.013	0.990	-0.087	0.085	-0.114	-0.001	-0.001	0.635	1.575
	Gender	0.035	0.070	0.022	0.500	0.618	-0.103	0.173	0.018	0.026	0.022	0.975	1.026
	Number of years in business	0.079	0.059	0.070	1.352	0.177	-0.036	0.194	0.025	0.071	0.059	0.723	1.383
	Turnover	-0.138	0.081	-0.083	-1.696	0.091	-0.297	0.022	-0.172	-0.089	-0.074	0.797	1.254
	Education	-0.241	0.061	-0.183	-3.940	0.000	-0.361	-0.121	-0.301	-0.203	-0.172	0.888	1.126
	Entrepreneurial capitals	0.212	0.047	0.222	4.498	0.000	0.119	0.305	0.412	0.231	0.197	0.788	1.269
	Entrepreneurial values	0.497	0.072	0.335	6.928	0.000	0.356	0.638	0.442	0.343	0.303	0.816	1.225

a. Dependent Variable: Entrepreneurial performance

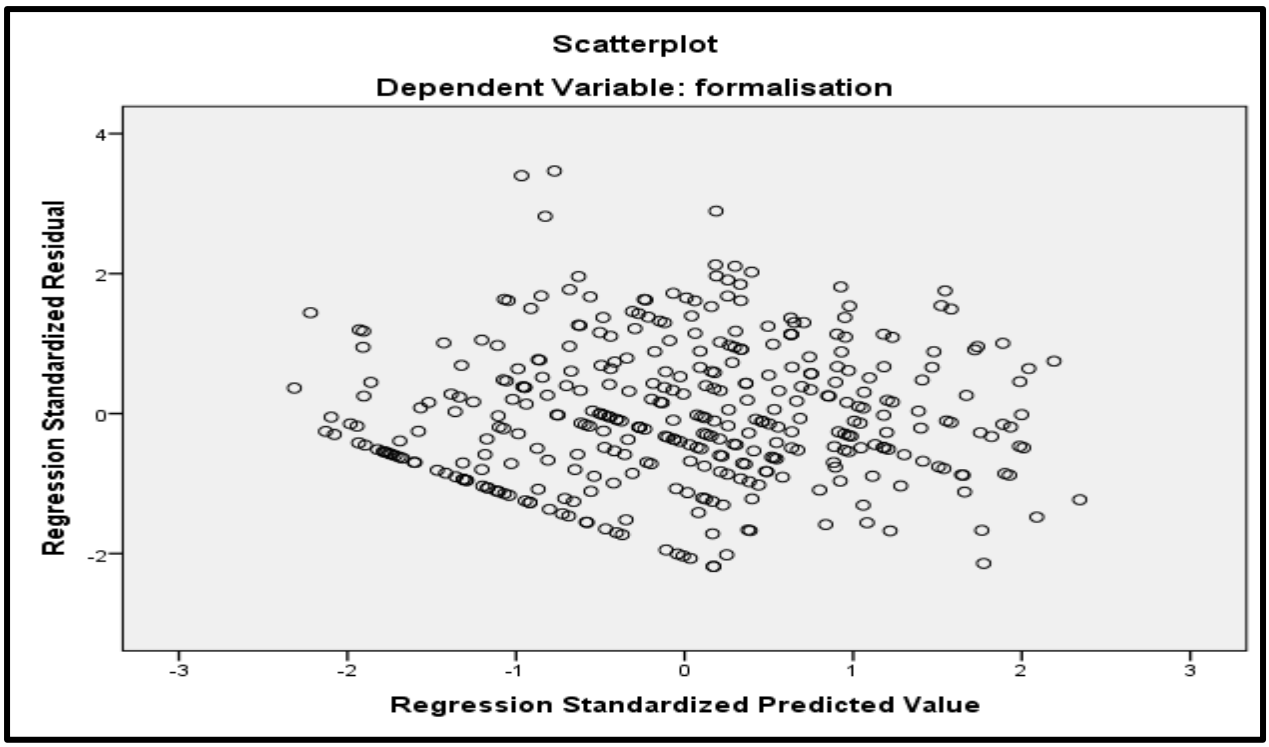


Figure 4.55 – Scatterplot for Hypothesis 5c (steps two and three)

The histogram (Figure 4.56) and P-P plot (Figure 4.57) indicate that the data is fairly normally distributed.

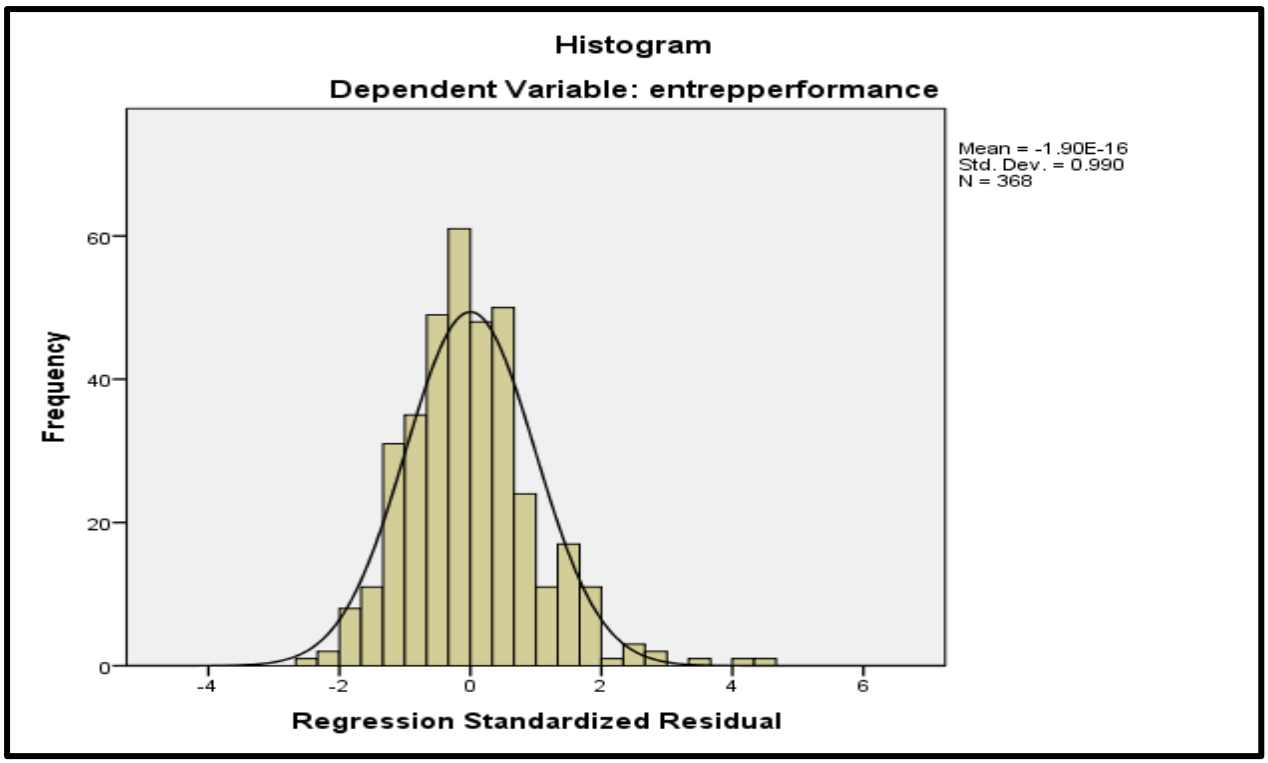


Figure 4.56 – Histogram for Hypothesis 5c (steps two and three)

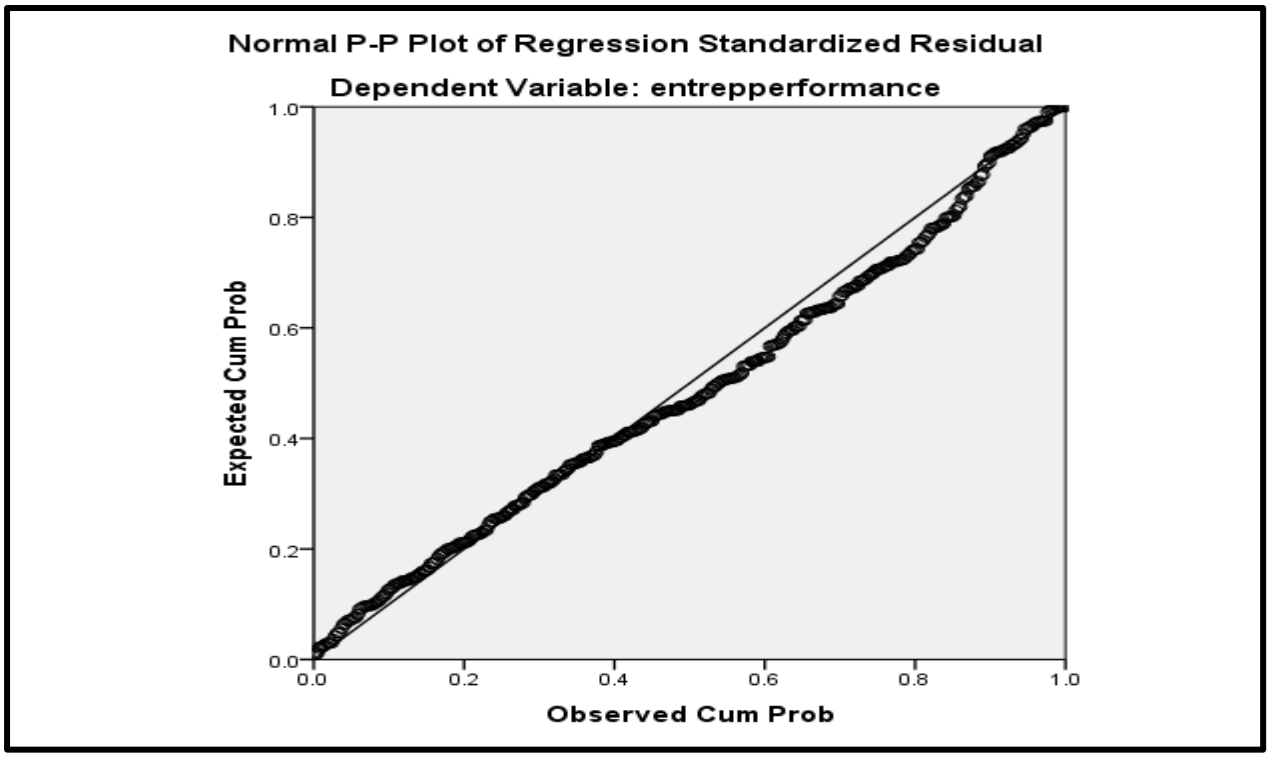
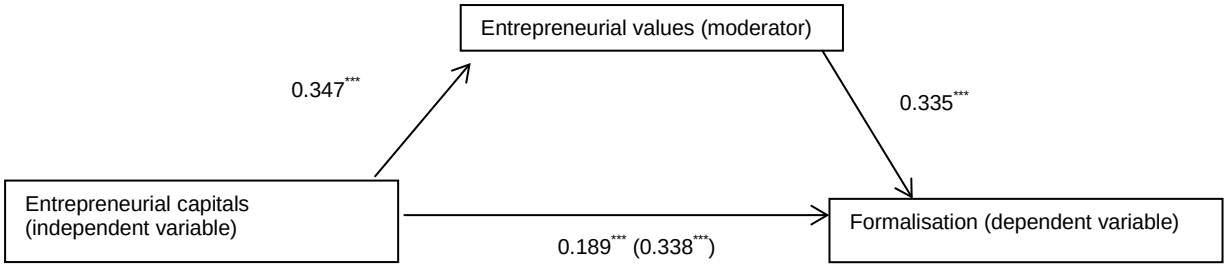


Figure 4.57 – P-P plot for Hypothesis 5c (steps two and three)

A summary of the results for the final mediation analysis is presented in Table 4.110. The model is again found to be significant in all three instances (step one – F = 13.572; p<0.001; step two – F = 16.894; p<0.001; step three – F = 23.222; p<0.001). Baron and Kenny's (1986) conditions for a successful mediation were, however, only partial met. In the first regression (step one), entrepreneurial capitals was significantly related to entrepreneurial values (β=0.347; p<0.001) (with entrepreneurial values being the outcome variable accordingly). In the second regression (step two), entrepreneurial capitals, as the outcome variable, was significantly related to entrepreneurial performance (β=0.338; p<0.001). In the third regression (step 3), only one of the required conditions wass met, such that entrepreneurial values was significantly related to formalisation (β=0.335; p<0.001). Entrepreneurial capitals problematically remained significantly related to formalisation (β=0.189; p<0.001). As such, no support was found for hypothesis 5b as hybrid values do not mediate the relationship between entrepreneurial capitals and entrepreneurial performance. The alternative hypothesis is therefore rejected while the final mediation model is illustrated in Figure 4.47 below.



*p<0.05; **p<0.01; ***p<0.001

Figure 4.58– Final mediation model (Hypothesis 5c)

Table 4.110 – Multiple regression table for Hypothesis 5c

Step 1					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.184***	0.170			
(Constant)			1.655	0.195	
Age			-0.099	0.031	-0.185
Gender			0.004	0.051	0.004
Number of years in business			-0.057	0.043	-0.074
Turnover			-0.001	0.059	-0.001
Education			-0.016	0.045	-0.018
Entrepreneurial capitals			0.224	0.032	0.347***
Step 2					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.219***	0.206			
(Constant)			2.080	0.282	
Age			-0.050	0.046	-0.063
Gender			0.037	0.074	0.023
Number of years in business			0.051	0.062	0.045
Turnover			-0.138	0.086	-0.083
Education			-0.249	0.065	-0.189***
Entrepreneurial capitals			0.324	0.047	0.338***
Step 3					
	R^2	**Adjusted R^2**	**B**	**SE**	**β**
Model	0.311***	0.298			
(Constant)			1.258	0.291	
Age			-0.001	0.044	-0.001
Gender			0.035	0.070	0.022
Number of years in business			0.079	0.059	0.070
Turnover			-0.138	0.081	-0.083
Education			-0.241	0.061	-0.183***
Entrepreneurial capitals			0.212	0.047	0.222***
Entrepreneurial values			0.497	0.072	0.335***

*p<0.05; **p<0.01; ***p<0.001

4.5.4.4 Reflecting on the mediating role of values

Urban's (2007) consideration of values implied that they act as catalysts but do not directly impact outcomes. On this basis, it was decided to test the mediating effect of entrepreneurial values. Specific emphasis was placed upon the extent to which hybrid values influence the relationship between entrepreneurial identity aspiration

and entrepreneurial capitals, as well as between entrepreneurial capitals and legitimacy.

Hypothesis 5 was only partially supported as values were found to mediate the relationship between entrepreneurial aspiration and entrepreneurial capitals alone. Here, therefore, the leveraging of different values by young black entrepreneurs influenced the attainment of entrepreneurial capitals accordingly, as they sought to aspire to a more legitimate entrepreneurial identity. This switching might best be perceived as the navigation of the 'centre' in order to secure strategic resources (Frello, 2011).

However, values were not found to meditate the relationship between capitals and formalisation and entrepreneurial performance. This suggests, therefore, a direct relationship between the predictor and outcome variables. Such a finding might be indicative of the broader structure-agency divide. Young black entrepreneurs are possibly less able to exercise hybrid switching to influence these relationships because of the stringent conditions imposed around formalisation as well as entrepreneurial performance. In other words, where spaces are more prescriptive because of externalities, there is little scope for agency on the part of young black entrepreneurs.

4.6 Conclusion

In this chapter results of the research undertaken amongst young, black entrepreneurs in Johannesburg's informal economy were presented and discussed. Descriptive statistics were used to analyse the demographics pertaining to the entrepreneurs themselves, as well as their businesses. Wherever feasible,

relationships between variables were tested using Chi-square analysis. Descriptive statistics for the different scales were then presented, before they were tested for reliability using Cronbach's alpha. Scales were accordingly adjusted for unreliable items before their construct validity was established using exploratory factor analysis. Finally, the hypothesised conceptual framework described at the end of Chapter two was tested using multiple regression analysis. Moderating and mediating relationships enjoyed special emphasis, using the approach prescribed by Baron and Kenny (1986).

Significant relationships were found to exist between entrepreneurial identity aspiration and the attainment of capitals, as well as between entrepreneurial capitals and the realisation of entrepreneurial legitimacy. Moreover, hybrid values were found to mediate the relationship between entrepreneurial identity aspiration and the attainment of capitals. Evidence is thus found for young, black entrepreneurs 'becoming' in Johannesburg's informal economy. The implications of these findings will be explored in more detail in Chapter Five.

CHAPTER FIVE

BLACK YOUTH SEEKING AND ATTAINING AN ENTREPRENEURIAL IDENTITY: CONCLUSION, IMPLICATIONS AND RECOMMENDATIONS

5.1 Introduction

This study sought to posit an initial, yet more refined understanding of youth as entrepreneur in Johannesburg's informal economy through their attainment of entrepreneurial identity. Here, the focus is particularly upon the role of hybrid values as a form of entrepreneurial capital. It is argued that through the mixing of both western and indigenous entrepreneurial values, young black entrepreneurs, in aspiring to a 'legitimate' entrepreneurial identity, are able to use resources in order to attain legitimacy through formality and enhanced business performance. To this end, a conceptual framework was developed and tested in order to provide insight into youth thus 'becoming'. Here, the moderating influences of both ESE and motives were examined alongside the mediating influence of hybrid values.

In this final chapter, a brief synopsis of the literature and results will be provided. This provides a foundation for a comprehensive discussion of the implications of the different findings. The thesis will conclude with a consideration of limitations as well as different recommendations accordingly.

5.2 An overview of the literature review: a theoretical rationale

From a theoretical perspective, this thesis has addressed four particular areas. Firstly, a basis for the consideration of the relevance of study of black youth was provided. Here, particularly, a refined socio-cultural understanding of 'youth' beyond conventional liminal approaches was posited. In so doing, a motivation was provided for the adoption of the official definition of youth of 15-35 years in South Africa, as reflected in the Youth Policy, with its expanded upper limit. To this end, Christiansen et al.'s (2006) notion of 'becoming' was informative. Within Africa,

attaining an adult status is seen to be especially challenging. Of significance is the increasing inability of black youth, particularly, to acquire the requisite economic resources that are often symbolically associated with adulthood. In South Africa, high levels of joblessness amongst black youth impact on their ability to amass these resources accordingly. One strategy to ensure this transition to adulthood is to increase access to jobs (through for instance the recently introduced wage subsidy in South Africa) (Altbeker et al., 2012). In this research the pathway of youth entrepreneurship was viewed as an alternative approach to 'becoming'.

Secondly, in attempting to better understand the youth as entrepreneur, it was further necessary to provide context for the study. Here, youth entrepreneurs were located within the informal economy, and in so doing the second theoretical area was addressed. Expression was given to a vulnerable social category in a marginalised space. In other words, the marginalising effect of the informal economy provided impetus for reflecting on how young black entrepreneurs might aspire to an entrepreneurial identity. In addition, consideration was given to the various theories relating to the informal economy in order map how current thinking around the space, as an incubator of entrepreneurial potential, has emerged (Williams, 2007).

Thirdly, having provided context for the study of black entrepreneurs, it was possible to reflect on the potential for youth as entrepreneur within the informal economy through a consideration of entrepreneurial theory. This was seen as important, given the GEM dichotomy between necessity and opportunity entrepreneurs, with the former status being particularly ascribed to the informal economy. Various schools

of entrepreneurial thought were thus examined and temporally located before the following definition of youth entrepreneurship was posited:

> young people who, in using their unique identity and agency, engage in the identification, exploitation and evaluation of value-adding opportunities through the concomitant assessment and exploitation of scarce and underutilised resources in order to achieve entrepreneurial success.

This definition found resonance with Shane and Ventakaraman's (2000) opportunity-centric conceptualisation of entrepreneurship and the entrepreneur. Given that opportunity-driven behaviour was key to understanding youth entrepreneurship, how was it possible to conceive of youth as entrepreneur in the informal economy? Here, recent studies, which have reflected critically on the GEM dichotomy, by giving expression to opportunity-driven entrepreneurial behaviour within the informal economy, provided impetus for such a conceptualisation accordingly (Langevang et al., 2012; Rosa et al., 2006; Williams, 2008a, b).

Fourthly, having thus established the entrepreneurial potential for black youth within the informal economy, it was possible to give consideration to how youth might aspire to an entrepreneurial identity, and thus greater legitimacy. To this end, a major theoretical thrust of this research was thus advanced, such that values were suggested as a means to 'become'. In this respect, the notion of hybridity was introduced and explored as a potential source of entrepreneurial capital. Young black entrepreneurs, through the mixing of archetypal western and indigenous values were arguably able to 'convert' their values into other resources, which were important in attaining legitimacy. In other words, through a melding of a western value set with their indigenous value set, young black entrepreneurs, it was posited, were better able to aspire to an entrepreneurial identity, and thus attain greater

legitimacy, whilst meeting those social obligations at the community level (Oyserman et al., 1998).

Fifthly, the consideration of the different theoretical perspectives underscoring this thesis thus laid the foundation of the development of the hypothesised conceptual framework, the purpose of which was to provide an evolved understanding of youth entrepreneurial identity. The framework, used, as its starting point, entrepreneurial identity aspiration, and how young black entrepreneurs might then aspire to 'become' legitimate entrepreneurs (as measured through entrepreneurial performance and formalisation), through the attainment of resources. This, in turn, resonates with the definition of the youth entrepreneur posited earlier. Entrepreneurial self-efficacy and opportunity-related motives were introduced as moderating variables. Moreover, the influence of hybrid values as mediating variable was added to more fully consider its role as a catalyst for other behaviours (Urban 2007). Here, hybridity, in building on the fourth theoretical contribution, was seen to account for the role that entrepreneurial identity played in the attainment of resources, providing support for the notion of youth 'becoming'.

5.3 Synopsis of the results

In order to test the conceptual framework data was collected using a structured questionnaire. A proportionally representative sample was drawn from Johannesburg's informal economy, and multilingual research assistants administered the questionnaire. The reliability of the different scales was tested, and Cronbach's alpha scores were found to be acceptable. Moreover, the validity of the different scales used in the questionnaire was tested using exploratory factor

analysis. All items were found to relate to the underlying construct they purported to measure.

In order to test different hypothesised relationships in the conceptual framework, stepwise multiple regression (OLS) was adopted using forced entry. Baron and Kenny's (1986) conceptualisation of moderation and mediation was used to test the influence of ESE and motives as well as values. Table 5.1 summarises the results.

Table 5.1 – Summary of results

Hypothesis 1	*Entrepreneurial self-identity aspiration of young black entrepreneurs in the informal economy is positively related to their attainment of entrepreneurial capitals*	**Accepted**
Hypothesis 2	*2a - The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to the desirability of formalisation*	**Accepted**
	2b - The attainment of entrepreneurial capitals by young black entrepreneurs in the informal economy is positively related to entrepreneurial performance	**Accepted**
Hypothesis 3 (moderating effect of ESE)	*3a - Entrepreneurial self-efficacy moderates the relationship between entrepreneur identity aspiration and resource acquisition such that the relationship will be stronger for individuals with higher levels ESE*	**Rejected**
	3b - Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and the perception of the desirability of formality such that the relationship will be stronger for individuals with higher levels ESE	**Rejected**
	3c - Entrepreneurial self-efficacy moderates the relationship between entrepreneur resource acquisition and entrepreneurial performance such that the relationship will be stronger for individuals with higher levels ESE	**Partial acceptance**
Hypothesis 4 (moderating effect of motives)	*4a - Motivation moderates the relationship between entrepreneur identity aspiration and entrepreneurial capitals such that the relationship will be stronger for individuals who are opportunity-driven*	**Partial acceptance**
	4b - Motivation moderates the relationship between entrepreneurial capitals and the perception of the desirability of formality such that the relationship will be stronger for individuals who are opportunity-driven	**Rejected**
	4c - Motivation moderates the relationship between entrepreneurial capitals and entrepreneurial performance such that the relationship will be stronger for individuals who are opportunity-driven	**Partial acceptance**
Hypothesis 5 (mediating effect of values)	*5a - Hybrid values mediate the relationship between entrepreneur identity aspiration and entrepreneurial capitals*	**Accepted**
	5b - Hybrid values mediate the relationship between entrepreneurial capitals and formalisation	**Rejected**
	5c - Hybrid values mediate the relationship between entrepreneurial capitals and entrepreneurial performance	**Rejected**

Partial acceptance for the moderator variables importantly reflected the fact that interaction variable added variance on its introduction, and was significantly related to the outcome variable, but, was negatively related. In reflecting on the significance of values as a mediator, evidence of full mediation was sought. This said, in hypotheses 5b and 5c, no evidence of partial mediation was found either.

5.4 New young lions: reflecting on the implications of researching young black entrepreneurs in Johannesburg's informal economy

In reflecting on the different results, the implications of the conceptual framework will be discussed. Prior to this, however, consideration will be given to Johannesburg's informal economy as an entrepreneurial space. While no specific relationship was hypothesised in this regard, the association between opportunity-driven behaviour and the informal economy was considered sufficient to support the argument that the motives for participation extended beyond mere survivalism (Venter, in print).

5.4.1 Conceptualising the entrepreneurial potential of Johannesburg's informal economy

Of late, scholars have increasingly turned their mind to reflecting on the entrepreneurial potential of the informal economy, and, in so doing, have sought to challenge GEM's dichotomous approach to entrepreneurial behaviour (Williams, 2008a; 2008b; Langevang et al., 2012). Specifically, what is suggested is a 'grey' area of entrepreneurial behaviour exemplified, specifically, by entrepreneurs in the informal economy who do not conform to stereotypical representations of survivalists. This is indicated in Figure 5.1 below.

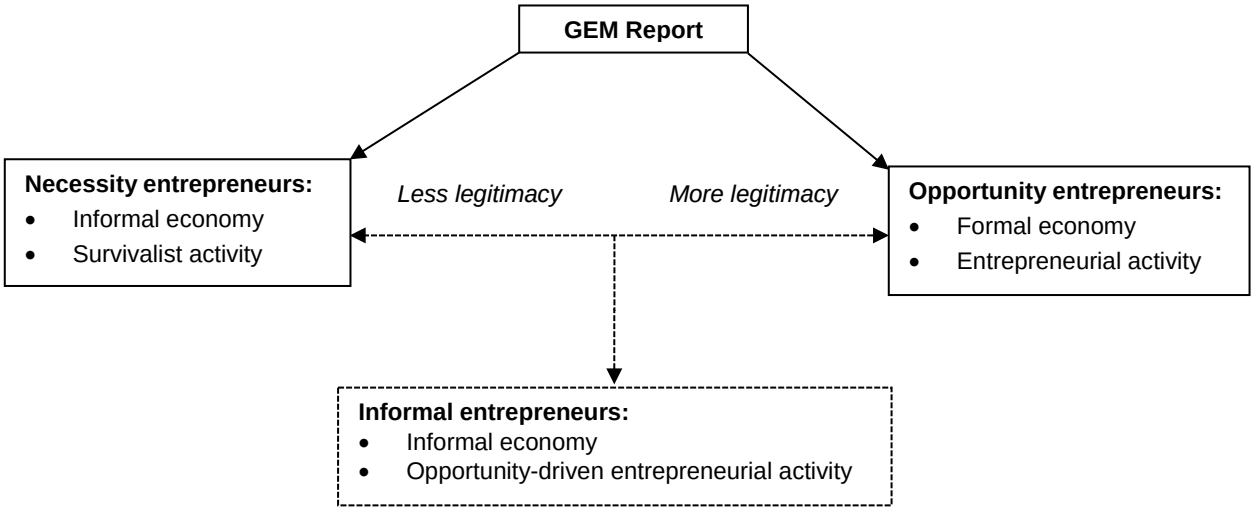


Figure 5.1 – Exploring the identity of the informal entrepreneur

What then of Johannesburg's informal economy? In reflecting, particularly, on the descriptive statistics, evidence was found to consider the space as entrepreneurial. In the first instance, higher-than-expected levels of education provided an initial sense of the entrepreneurial potential and propensity of youth in the informal economy. It was found that approximately 30% of the respondents had a post-secondary school qualification. On average, higher levels of education are generally seen to be associated with increased entrepreneurial activity (Brüderl et al., 1992; Peterman and Kennedy, 2003; Venter et al., 2008). This finds resonance with general human capital theory which suggests that education is an investment with greater yields in terms of earnings and satisfaction (Schultz, 1972).

A further indication of the entrepreneurial potential of Johannesburg's informal economy is provided through a consideration of its relative heterogeneous nature (see Portes, Castells and Benton, 1989). Over 50 different products or services were reported by the respondents when asked about the nature of their business. What was particularly striking was the significant number of 'specialist services',

suggesting a propensity on the part of entrepreneurs to identify opportunities (see Table 4.7).

Finally, with regards to the descriptive statistics, levels of employment proved to be particularly interesting with some 48% of respondents suggesting that they employed at least one employee. Rogerson's (2000) distinction between survivalist and micro-enterprises has bearing in this regards. A sizeable portion of the sample surveyed ran micro-enterprises which employed between 1-5 employees and which demonstrate entrepreneurial potential on this basis.

Beyond the descriptive statistics, however, an analysis of the scales similarly proved to be informative in establishing Johannesburg's informal economy as an entrepreneurial space. For example, in reflecting on the identity aspiration scale, 74.4% of respondents in the informal economy affirmed an entrepreneurial identity. Self-reporting bias notwithstanding, there is a strong associational effect with opportunity-driven entrepreneurship.

The values scale also provided insight into the entrepreneurial potential of Johannesburg's informal economy, with a majority of young black entrepreneurs in the sample indicating that they embodied a number of western-centric, archetypal, entrepreneurial values. These were seen to include profit-seeking behaviour as well greater independence.

Finally, both the ESE and motives scales provided compelling evidence for the informal economy as an entrepreneurial space. Most entrepreneurs in the sample (75.3%) reported a high level of ESE. Greater levels of ESE are associated with opportunity-based entrepreneurship, such that individuals perceive the environment

as opportunistic (see Chen et al., 1998). Moreover, Baum and Bird (2010) suggest that ESE together with entrepreneurial intelligences drives successful behaviour on the part of the entrepreneur.

In terms of motives, the greatest degree of agreement amongst respondents was found for items relating to independence as well as the identification of opportunities. Moreover, once the scale was adjusted for reliability, only items which pertained to opportunity-driven, push motives remained. This further confirms extant qualitative research which considers the entrepreneurial potential of the informal economy (Rosa et al., 2006).

Thus, in reflecting on these different findings, initial evidence is found to support the assertion that Johannesburg's informal economy has entrepreneurial potential. The promise of this space is noticeable to the extent that youth entrepreneurs display opportunity-directed behaviours over survivalist tendencies. This, therefore, underscores the notion of the informal economy as an incubator of entrepreneurial potential (Williams, 2007). There is an evident need to shift government policy away from viewing the space as marginal, and indeed, dislocated from the 'primary economy' (Devey et al., 2006a; 200b). Rather, the informal economy, based on this research, bears consideration as an important economic resource which should be harnessed and resourced accordingly.

5.4.2 Reflections on the conceptual framework: identity aspirations, resource attainment and performance

Relationships tested in the conceptual framework serve as the most important source of reflection as it represents an initial attempt to 'model' behaviour of youth

entrepreneurs in the informal economy. Extant studies on youth entrepreneurs have tended towards description. They thus largely overlooked the agentive (or individual) qualities of young entrepreneurs. Instead, their focus has been on the identification of 'structural' challenges facing this category of entrepreneur (see Fatoki and Chindoga, 2011).

Alternatively, some researchers have proposed the potential of youth entrepreneurs (see Nasser et al., 2003), but have done little to either provide an empirical and theoretical understanding of this group of entrepreneurs (Lewis and Massey, 2003). This conceptual framework, formulated for the purpose of this doctoral study, sought to achieve just this, by exploring entrepreneurial black youths through a process of 'becoming'. Here, the two main relationship and associated moderating and mediating relationships are explored.

5.4.2.1 Aspirations and resources attainment: seeking identity

The relationship between entrepreneurial identity aspiration and resource attainment as moderated by ESE and motives and mediated by hybridity was examined (see Figure 5.2).

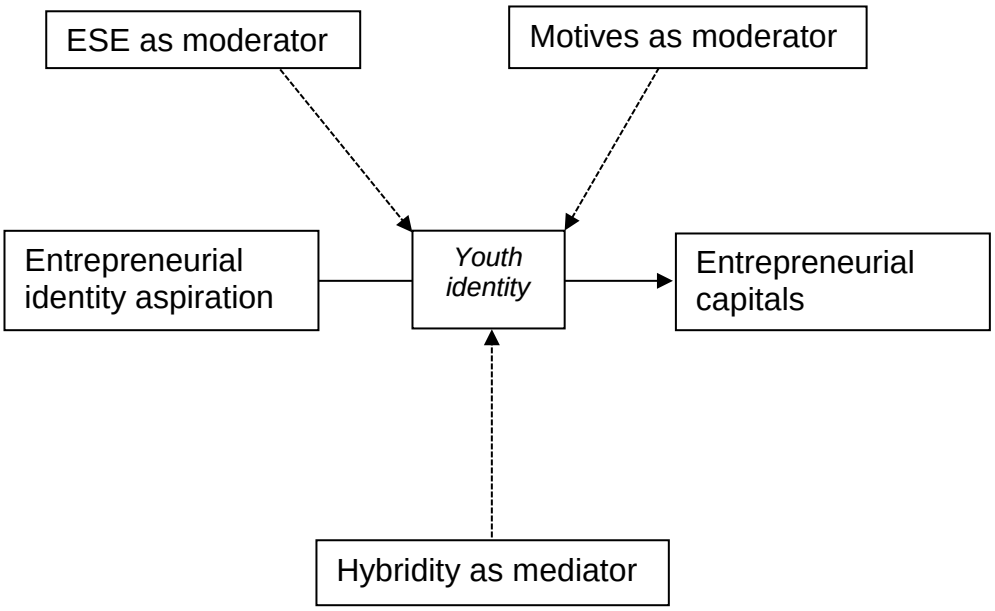


Figure 5.2 – Relating entrepreneurial identity aspiration to resource attainment

In the first instance, aspirations were significantly related to resource attainment ($\beta = 0.119$, $p<0.05$). This finding suggested that young black entrepreneurs, in exhibiting an entrepreneurial propensity, sought legitimacy such that, using De Clercq and Voronov's (2010) conceptualisation, they might have desired to 'fit in' accordingly. In other words, this initial result indicates a *desire* on the part of young entrepreneurs to attain legitimacy accordingly, as it represents an intuitive understanding on their part of the value of the right type of entrepreneurial capital. This result is supported by the notion of RBT, such that entrepreneurs might harness those resources which provide a competitive and strategic advantage (Alvarez and Busenitz, 2001; Firkin, 2003).

At the same time, given the centrality of capitals to the attainment of legitimacy, the capitals themselves might represent a signalling device such that they represent a form of symbolic capital (Bird and Smith, 2005). Again, therefore, the attainment of

resources, in relation to aspiration, thus indicates potentially how young entrepreneurs seek 'legitimacy' in order to fit in.

Here, legitimacy is an important indicator, and represents the desirability of actions based on a socially constructed system of norms (Suchman, 1995: 274). In other words, what is of concern is that young black entrepreneur's desire 'to become' an identifiably legitimate entrepreneur in order, for instance, to potentially attain adult status. The notion of legitimate entrepreneur is accordingly conferred in large measure by the GEM report which distinguishes between opportunity and necessity entrepreneurs, and in so doing, emphasises the importance of the former. Thus, in order to attain legitimacy, as it were, young black entrepreneurs in a marginalised space need to identify and exploit resources such that a new fit or match between resources and needs is achieved (Ardichvili, Cardozo and Ray, 2003).

The moderating influence of ESE, as well as motives, was further explored. With respect to the former, neither the interaction variable, nor ESE were significantly related to the outcome variable, entrepreneurial capitals. This suggests that ESE, as a moderator, has no influence on the relationship between aspiration and resource attainment. In other words, this might be interpreted to suggest that the self-belief of entrepreneurs has no bearing on their entrepreneurial identity aspiration. In fact, in looking at the results, the relationships between the interaction and moderator and the outcome variable are negative. Thus, ESE decreases upon the attainment of resources. What this potentially suggests is that the very process of getting hold of resources might simply be daunting, and in fact, thus negatively impact ESE accordingly. Indeed, Luthans and Ibrayeva (2006: 96) suggest, that:

> To build their ESE, entrepreneurs in hostile, transition economies must not only gain efficacy beliefs from related actions but also have to do it very quickly to survive. The challenges are immense, and there are few second chances.

What then of motives? Here a negative, significant relationship was found between the interaction variable and the outcome variable, entrepreneurial capitals. Thus, as the attainment of capitals increases so different motives decrease. This is a particularly interesting finding, given that the motives described are opportunity-driven in nature. However, what it might suggest, again, is the demotivating nature of the process in attaining the resources. Thus, given, once again, the challenges and complexities of attaining resources under 'hostile' conditions, the process of attaining them might put a downward pressure on the initial motive underscoring the process. Here, for instance, perceived lack of support as well as risk might well present challenges during the attainment of resources (Chigunta, 2002; Fatoki and Chindoga, 2011; Lewis and Massey, 2003).

The implications of this finding are self-evident. In both instances, in order to 'improve' the process, it is suggested that greater support, particularly from the state, is required. What is envisaged here is greater access to finance as well as training, current initiatives notwithstanding (see Nissanke, 2001; Rogerson, 2001). At the same time, awareness of different types of support provided by government should be heighted, information costs associated with searching for support accordingly reduced, and administrative procedures improved (Rogerson, 2004b). It is worth further noting that the informal economy has not feature prominently in SMME policy, particularly, leading to a further marginalising effect (see Rogerson, 2004b). This suggests that the informal economy requires direct and specific attention from policy

makers such that the needs and requirements of its entrepreneurs are addressed if they are to effectively attain legitimacy.

Moreover the creation of a less hostile and more supportive environment might well create the necessary impetus for youth entrepreneurs to retain their 'belief' (see Fatoki and Chindoga, 2011). Finally, both ESE and motives might be positively impacted through training and modelling (Gist and Mitchell, 1992; Krueger and Brazeal, 1994; Luthens and Ibrayeva, 2006).

What then of the mediating role of hybrid values? Here, support was found for the full mediating role of hybridity (such that the values scale was taken to be a composite of both archetypal western and indigenous values). This result therefore suggests that hybridity influences the relationship between entrepreneurial identity aspiration and the attainment of resources, such that it accounts for the relationship (Baron and Kenny, 1986).

The implications of this are such that hybrid values might indeed be seen to act as a form of entrepreneurial capital. To this end, therefore, young black entrepreneurs have embodied both indigenous and western values in the informal economy as contested space (Bourdieu, 1986). In doing, they therefore leverage these values in order to attain other resources. This is potentially achieved through LaFramboise et al.'s (1993) notion of 'alternation' such that individuals 'shift' between different values according to different contexts. Oyserman et al. (1998) support this by suggesting that a switch between an individualist and collectivist value orientation might happen under conditions of social obligation such that individualism is potentially attributable

to a professional sphere, while a collectivist identity might emerge under conditions conformity accordingly.

Benet-Martínez et al. (2006) introduce the notion Cultural Frame Switching in order to explain how individuals switch between different values in response to different cues. Overall, therefore, what is apparent is that young black entrepreneurs might decide to enact a western values set when it useful and relevant.

But what might such cues be? In order to understand this, it is necessary to reconsider the relevance of hybridity within the context of this research. Specifically, here, hybridity is seen as the 'straddling of two cultures and the consequent ability to 'negotiate the difference' (Hoogvelt, 1997: 158). It is therefore seen as a mechanism to access the 'centre' (or the prevailing, western-dominated paradigm) (Frello, 2011). Thus, through switching between values, young black entrepreneurs are able to leverage their hybridity to, for instance, attract resources which they might not ordinarily have access to.

This has bearing on this research to the extent that black youth, in demonstrating entrepreneurial propensity, have used their hybridity to secure an entrepreneurial identity through the attainment of different resources accordingly. In so doing, they have used their values as a 'catalyst' to achieve a particular outcome (Urban 2007). This finding is central to this thesis such that, therefore, hybrid values emerge as a particular resource for the entrepreneur.

The implications thereof are manifold and perhaps the singularly most significant contribution of this thesis. It provides critical support to the notion that marginal youth enact specific behaviours in order to 'become'. While in this instance,

'becoming' is related to the attainment of entrepreneurial legitimacy, this in turn has bearing ever-important considerations of how economically disenfranchised youth in an African context attain adult status (Thorsen, 2006; Waage, 2006). Moreover, while studies to date have considered the impact of values on entrepreneurial behaviour (Morris and Schindehutte 2005; Urban 2006, 2007), this research is the first to demonstrate the role and importance of hybrid values from an entrepreneurial perspective. In so doing, it goes beyond examining a bi-cultural, ethnic configuration of values, to provide a consideration of how non-western entrepreneurs might have to acquire a western value set in order to achieve acceptance within a predominantly western paradigm.

A final implication of this finding goes to the agentive nature of youth as entrepreneur. In other words, in order to posit initial understandings of youth entrepreneurial propensity and behaviour, it is important to demonstrate their individual capacity to act beyond the real structural constraints and challenges which limit their ability to be entrepreneurial. This is not dissimilar to Fuh's (2012) notion of 'managing impressions' in order to not only attain legitimacy, but also to negotiate an entrepreneurial identity. Moreover, this then extends the earlier discussion in this chapter on the entrepreneurial potential of the informal economy such that young black entrepreneurs, in enacting archetypal, western entrepreneurial values, might be seen to find accord with the GEM report's notion of the opportunity entrepreneur.

5.4.2.2 Resource attainment, entrepreneurial performance, and formalisation: attaining identity

The second main relationship to be established in the conceptual framework was between entrepreneurial resources and entrepreneurial legitimacy as moderated by

ESE and motives and mediated by hybridity was examined (see Figure 5.3). Here legitimacy was taken encompass both entrepreneurial performance and formalisation.

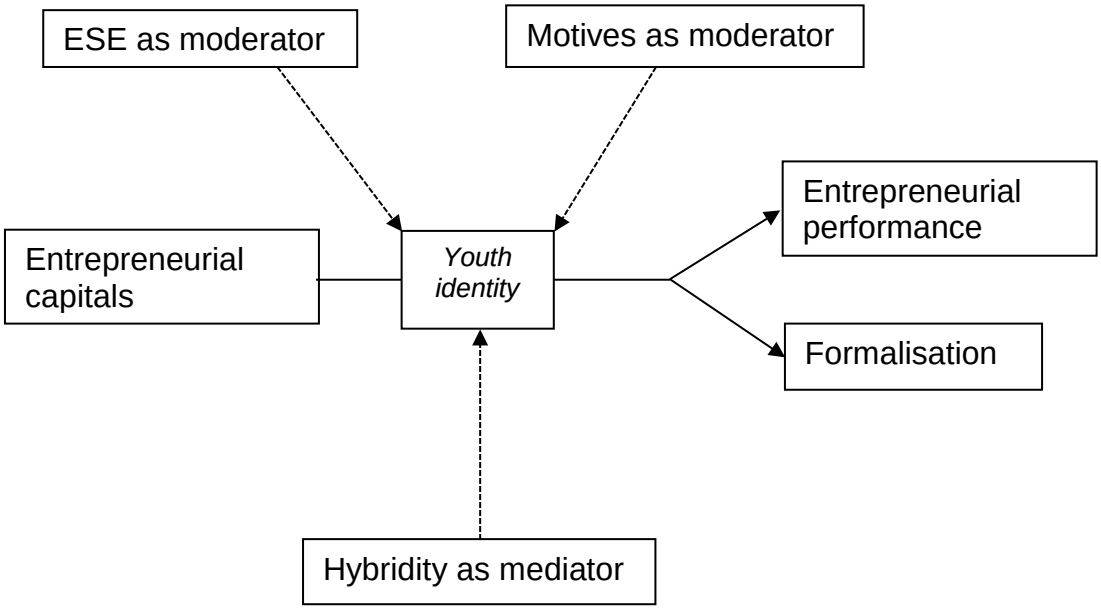


Figure 5.3 – Relating entrepreneurial capitals to entrepreneurial legitimacy

The attainment of entrepreneurial capitals was found to be significantly related to both entrepreneurial performance ($\beta = 0.338$, $p<0.001$) and formalisation ($\beta = 0.329$, $p<0.001$). Thus, young black entrepreneurs were seen to go beyond desiring legitimacy to actively attaining it. In order to both 'fit in' and 'stand out' to attain legitimacy, young black entrepreneurs accordingly need to demonstrate their relative worth as 'newcomers' (De Clercq and Vorinov, 2009a; 2009b). This might typically involve demonstrable abilities. In this research, two issues come to the fore. The first is to 'legitimise' their business through formalisation, which is akin to 'fitting in' (that is, attaining the 'minimum level' of acceptance). A significant finding between the attainment of resources and formalisation suggests a potential mechanism for the transition from informality to formality.

It is postulated that, in displaying an entrepreneurial propensity, black youth might attain legitimacy through voluntarily formalising their businesses. Typically, barriers to formalisation might include bureaucratic and administrative costs, tax implications, regulatory barriers, corruption, lack of general support as well as 'cultures of informality' as evidenced by strong bonds between actors within the informal economy (Lagos, 1995; Lindell, 2010; USAID, 2005). Thus, voluntary acceptance of conditions, costs and institutions pertaining to formalisation (Nelson and De Bruijn, 2005), in order to attain legitimacy, is compelling and, indeed, important from a policy perspective, as it suggests, a willingness on the part of young black entrepreneurs, the state-mediated complexities notwithstanding.

The significant, positive relationship between attainment of entrepreneurial capitals and entrepreneurial performance similarly goes to the attainment of legitimacy through 'standing out' (De Clercq and Voronov, 2009b). Herein, entrepreneurial performance might be related to building a reputation through, for instance, opportunity identification, innovation and the like. This, thus serves as a signalling device, such that young black entrepreneurs through the attainment of capitals and concomitant legitimacy might demonstrate their superiority within the context of the informal economy accordingly (Bird and Smith, 2005; Thurlow and Jaworski, 2006).

At an elemental level, moreover, this finding confirms that of Fatoki (2011) such that resources (in the guise of human, social and financial capitals) impact positively on entrepreneurial performance. This has equally important policy implications such that the provision of greater support to young, entrepreneurs might facilitate their transition into the formal economy, issues of voluntary formalisation notwithstanding.

Once again, the moderating influence of both motives and ESE was investigated. Here, again, limited support was found for the impact of the interaction variables, such that the relationships were largely negative. In part this might have been a result of having to centre the moderator and predictor variables prior to interaction. Nevertheless, it might also have to do with the fact that the moderator (entrepreneurial motives) was positively related to the outcome variables, which thus impacted on the interpretation of the interaction term (Baron and Kenny, 1986).

This said, a negative, significant relationship was found between the two interaction variables (entrepreneurial motives x entrepreneurial capitals: $\beta = -0.091$, $p<0.05$; ESE x entrepreneurial capitals: $\beta = -0.162$, $p<0.001$) and the outcome variable, entrepreneurial performance. This suggests, therefore, that both motives and ESE negatively moderate the relationship accordingly, such that the moderating effect decreases, the higher the performance.

Performance anxiety might be posited as a potential reason for this. Boyd and Vozikis (1994: 68) suggest that:

> anxiety may be viewed as debilitating fear that will increase the likelihood of failure and lower self-efficacy expectations

Thus, as entrepreneurial performance increases, so might the perceived likelihood of failure, particularly in light of the various challenges that young black entrepreneurs have to overcome. In other words, without the necessary resilience, young black entrepreneurs might experience heightened levels of anxiety (see Markman and Baron, 2003). This in turn might be attributable to dynamism of the environment associated with the attainment of legitimacy, and the high levels of unpredictability and uncertainty which result in anxiety (see Ensley, Pearce and Hmieleski, 2006).

Anxiety, whilst related to ESE, might intuitively have a similar impact on motives such that as levels of anxiety associated with performance increase, so entrepreneurial motives decrease accordingly. If this is indeed the case, then it implies that young black entrepreneurs need to develop heightened senses of resilience and persistence in order to cope with the various challenges which are associated with a hostile space (see Luthans and Ibrayeva, 2006; Nasser et al., 2003). One possible potential way for this to be achieved is through training with an emphasis, particularly on 'soft skills' such that issues of conviction, commitment and indeed ESE are addressed *ahead* of the harder skills of running the business (Lautenschläger, and Haase, 2011; Liimatainen, 2002)

Values were found, in this instance, to mediate neither of the relationships between entrepreneurial capitals and the outcome variables (formalisation and entrepreneurial performance). As such, hybrid values were not found to account for either relationship. This was an interesting finding, with its own implications beyond those of the fully mediated relationship discussed previously. One potential way to explain this is through a structure/agency divide. In the fully mediated relationship, it was suggested that young entrepreneurs, in switching between values, demonstrated agency (thus, exercising hybridity of their own volition). Therefore, it might follow that if agency was absent (such that hybridity did not mediate the relationship), then structures tended to play a dominant influence, thus limiting a full enactment of agency. This is not to say, of course, that structure and agency are not interrelated such that one is independent of the other (Bouchikhi, 1993; Bourdieu, 1984; Giddens, 1989). However, what is suggested here is a dominance of one over the other. Here, for instance, institutional demands relating to formalisation and

indeed entrepreneurial performance are particularly rigorous and prescriptive in terms of how an entrepreneur might behave. Therefore, the relative motives and efforts of entrepreneurs are directly impacted by government policy accordingly, such that some behaviours are encouraged while others are discouraged (Minniti, 2008).

In this instance, therefore, it becomes apparent that hybridity is not something that is tolerated such that the embodiment of both an indigenous and archetypal western value set is discouraged. This suggests that the overarching paradigm, which is western in nature, might then potentially demand an entirely western approach. Thus, in order to formalise and perform at the required level, and correspondingly to attain legitimacy accordingly, conformity to a prescriptive 'western' institutional (both formal and informal) framework must necessarily exist.

A sharp distinction is therefore found between desiring and attaining legitimacy in the enactment of hybridity. Young black entrepreneurs are therefore subject to greater exigencies in the latter instance such that primacy is given to structural factors. Thus, in order to succeed as an entrepreneur it is necessary to be part of an 'elite', dominant culture, such that legitimacy is attained and access to (further) resources becomes possible (Bouchikhi, 1993).

5.4.3 Extending the conceptual framework

Beyond the tested relationships reflected on above, two further observations are made in relation to the framework. This first relates to education and the second to the role of values beyond mediation, resulting in a potential re-conceptualisation of the framework.

5.4.3.1 Education

Level of education was included as a control variable because of its established influence on entrepreneurial performance (see Chapter Three). Yet, of interest, is that in a majority of the regression models in Chapter Four, education was negatively and significantly related to the different outcome variables[31]. Here, what is thus implied is that the lower the level of education, the greater the attainment of resources, the desire to formalise as well as extent of entrepreneurial performance. There are two potential implications of this. The first, and most important, is that those individuals with the least education appear to desire legitimacy and thus seek to attain legitimacy the most. The relationship is generally such that the higher the level of education, the stronger the overall performance. Moreover, education is generally attributable to opportunity recognition and entrepreneurial alertness (Ardichvili et al., 1993). However, in this instance, with the inverse being reflected through the different results, this might simply be illustrative of the fact that in emerging economies where necessity entrepreneurship is highest, entrepreneurial activity is also high notwithstanding lower levels of education which are associated with the informal economy(Orford et al., 2003; Acs, Arenius, Hay and Minniti, 2004).

Alternatively, the second implication of an inverse relationship between education and the different outcome variables is that the education that respondents possess is

[31] **H1**: step 1 – β = -0.280, p<0.001; step 2 – β = -0.189, p<0.001. **H2a**: step 1 – β = -0.355, p<0.001; step 2 – β = -0.266, p<0.001. **H2b**: step 1 – β = -0.280, p<0.001; step 2 – β = -0.189, p<0.001. **H3a**: step 1 – β = -0.277, p<0.001, step 2 – β = -0.260, p<0.001, step 3 – β = -0.261, p<0.001. **H3b**: step 1 – β = -0.325, p<0.001, step 2 – β = -0.233, p<0.001, step 3 – β = -0.231, p<0.001. **H3c**: step 1 – β = -0.235, p<0.001, step 2 – β = -0.136, p<0.01, step 3 – β = -0.130, p<0.01. **H4a**: step 1 – β = -0.245, p<0.001, step 2 – β = -0.243, p<0.001, step 3 – β = -0.241, p<0.001. **H4b**: step 1 – β = -0.300, p<0.001, step 2 – β = -0.241, p<0.001, step 3 – β = -0.241, p<0.001. **H4c**: step 1 – β = -0.223, p<0.001, step 2 – β = -0.160, p<0.001, step 3 – β = -0.160, p<0.001; **H5a**: step 2 – β = -0.249, p<0.001, step 3 – β = -0.227, p<0.001. **H5b**: step 2 – β = -0.266, p<0.001, step 3 – β = -0.259, p<0.001. **H5c**: step 2 – β = -0.189, p<0.001, step 3 – β = -0.183, p<0.001.

not considered particularly relevant to the attainment of entrepreneurial success. This might simply suggest that young entrepreneurs in the informal economy have not been properly prepared to run ventures of any nature (whether these are in the informal or formal economies). While entrepreneurial education is embedded in curricula at South African schools (see North, 2006), the efficacy of the programmes are questionable as are the various skills derived accordingly. Indeed, a critical shortage of qualified educators in many schools can impact the quality of the both the delivery and content of the programmes.

However, it might also go to the nature and relevance of training received. For the most part, where training is considered necessary by entrepreneurs in the informal economy, general business skills as well as technical skills are most often sought (Liimatainen, 2002). Further, Singh (2000) argues that the content of training programmes has to be sensitive to the realities of the informal economy, and should be reflective of the different competencies that entrepreneurs in this space might not only require but also want. To this end, he suggests that training should be an embedded process, such that work and learning is combined, and indeed any curricula should be as practical as possible. Moreover, due attention should be paid to innovation and new product development such that hyper-competition is avoided.

5.4.3.2 Beyond mediation – reconceptualising the role of values in identity formation

It is fitting to conclude the consideration of the various implications of this research by returning to values. Here, what was particularly intriguing, in reflecting on the various results, was the positive and significant relationship between values and the principle variables under consideration. This is indicated in Figure 5.4 below.

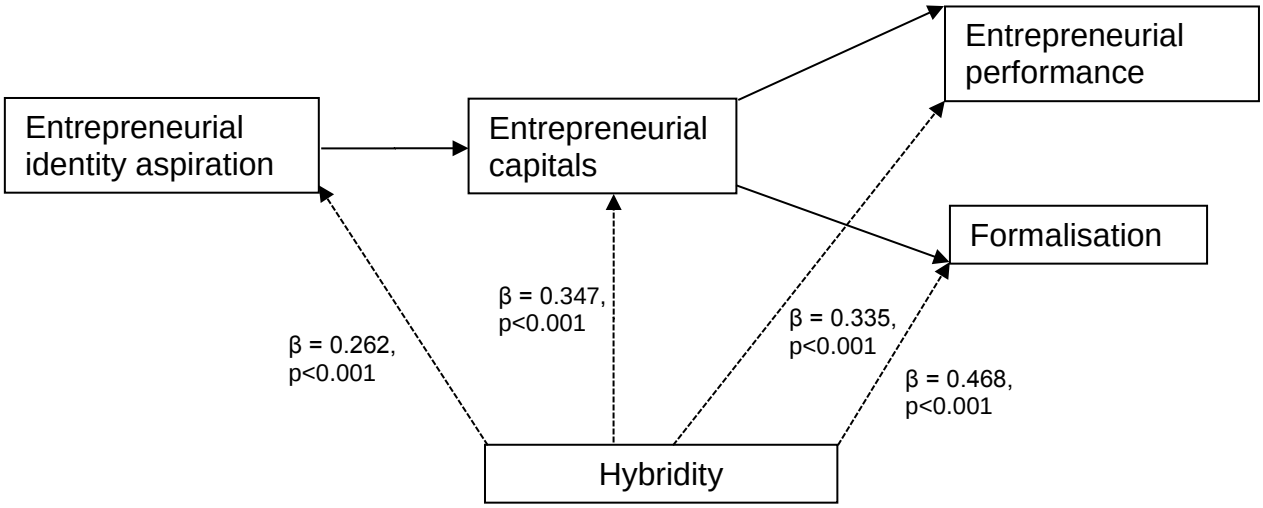


Figure 5.4 – Relating values to entrepreneurial identity aspiration, capitals, performance and formalisation

The analysis suggests that hybridity is *directly* related to different behaviours as opposed to a mediating, catalytic influence most commonly ascribed to values (cf Urban, 2007). In reflecting on the implications of this, for instance, the relationship between entrepreneurial identity aspiration of young black entrepreneurs and hybridity might in part be attributed to the impact the media has on perpetuating and legitimating the ideal of western capitalism (see Kahn and Kellner, 2006). Here, therefore, representations of entrepreneurial 'superheroes' might influence an entrepreneurial identity aspiration but at the same time lead to a hybridised value set to the extent that archetypal western values are valorised and juxtaposed with lesser indigenous values, through dichotomies (Hall, 1980; Seidman, 2004). This westernised hybrid value set will thus influence the desire of young black entrepreneurs to 'become' accordingly. The relationship between hybridity and aspiration is potentially further reflected amongst black youth through the notion of Y-culture, such that common and elite cultures are fused, and indeed, a culture of

aspiration distinguishes them from the politically charged generation X (Nuttall, 2003, 2004).

The relationship between hybridity and the attainment of resources is again best described through the notion of legitimacy. However, here, rather than having values mediate the relationship, a more direct interaction happens. This is not dissimilar to Bourdieu's (1984) field as a site of contestation in which different values are embodied as form of cultural capital, allowing young black entrepreneurs, then to convert them directly into other capitals (such as human, financial and social capitals). Importantly, as the relationship is more direct, it is now possible to envisage how indigenous values carry equal weighting such that these might equally be leveraged in the attainment of legitimacy within a particular context. This goes beyond the attainment of resources, to the relationship of values to both entrepreneurial performance and formality. In other words, as values are no longer just mediating the formation of an 'idealised' Western entrepreneurial identity, a conceptualisation, it is possible now to conceive of different types of hybrid identities such that the indigenous enjoys more attention (see Dana, 1995).

To this end, a spectrum of hybrid identities might be conceived of, from western-dominant on the one pole, indigenous-dominant on the other. The PCA of the values scale (see Table 4.59) to some extent confirmed the existence of such a typology with the following factors emerging (Figure 5.5):

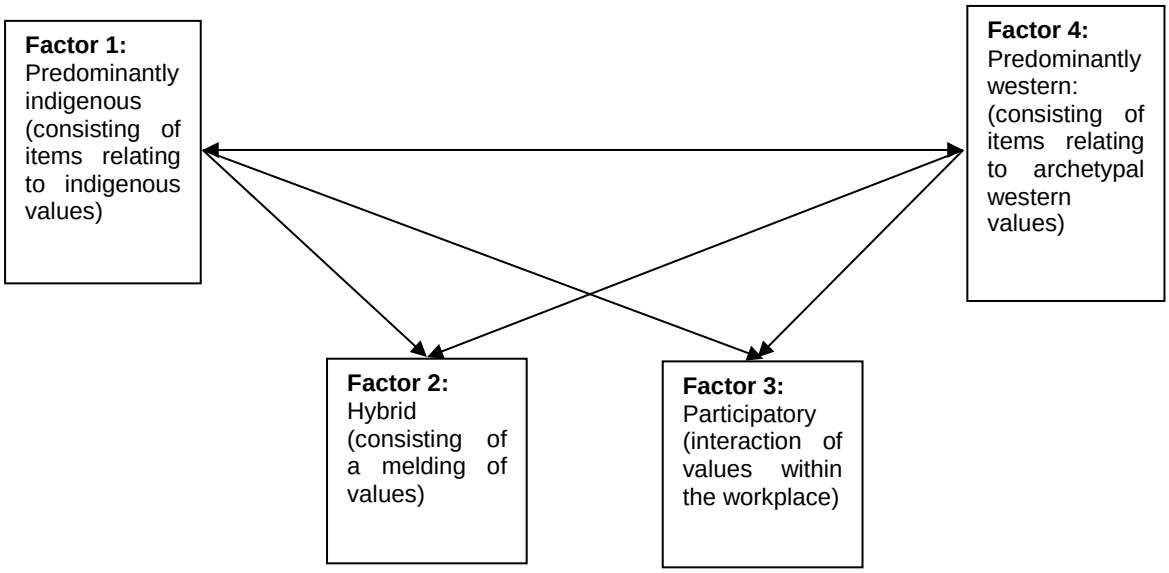


Figure 5.5 - A spectrum of hybrid values

In giving 'equal weighting' to both indigenous and western values, again, LaFramboise et al.'s (1993) 'alternation is relied on accordingly such that there is no 'dominant' value. Moreover, individuals might exercise agency here to determine how different interactions between cultures happen, and indeed, use knowledge of the different cultures selectively to achieve different outcomes (Chiu and Chen, 2004).

The extent to which switching between values occurs, or even, perhaps the relative position on the spectrum, goes to how essentialised a particular entrepreneur might be (Chao, Chen, Roisman and Hong, 2007). Thus, for instance, young black entrepreneurs might have a stronger indigenous orientation and leading to an essentialist belief about their indigenous value set, such that they then experience difficulties in forging a hybrid identity accordingly (see Chao et al., 2007).

5.5 Limitations

Having reflected on the various implications of the results of this research, it is important to additionally consider any limitations that might have had bearing on this study. Several limitations related to the research design were explored in Chapter Three, particularly in relation to the different biases which might be attributed to this study accordingly.

Beyond these, however, some additional limitations are discernible. The first goes to the nature of the study itself. While a justification for study on black youth is provided in Chapter One, it is nonetheless important to reiterate that this research is limited to 'black African' youth only, rather than including all 'non-white' youth (Seekings, 2008). Moreover, in so doing, this study concerns itself with a homogenisation across ethnicities of different values which are broadly categorised as 'western' and 'indigenous'.

As such, two further associated limitations arise. The first is that ethnocentric value differences are not considered. These dichotomous categories, it is acknowledged, are not wholly representative of individual experiences, such that individuals and cultures might 'interpenetrate' respective identities (Church, 2000). The second is that, given the universalised approach to culture underscoring this study, the potential for ecological fallacy arises (see section 3.3.3).

At the same time, the study is geographically limited to Johannesburg's informal economy. This is accounted for given the economic dominance of Johannesburg relative to other cities in South Africa, if not throughout Africa. This in turn therefore translates into a potential and perceived munificence of entrepreneurial opportunities

as witnessed by the relative size of its informal economy. However, it might be argued that generalisability of the study to other contexts is somewhat limited and hence, results cannot, in the first instance, be extended to the South Africa's informal economy as a whole. Any efforts to generalise might also be limited by the non-probability, purposive sampling approach adopted, an absence of a sampling frame notwithstanding. In this regard, four particular observations might be made.

The first is that this particular limitation is acknowledged such that no effort is made to potentially generalise the results. Despite this, the *potential* for generalisability does exist. To this end, the second observation is that values R^2's and adjusted R^2's for the different regression models are very similar (see Chapter Four), which suggests that the models might generalise such that they could be derived from the population as opposed to the sample (Field, 2009: 235). Furthermore, the third observation, which goes to sampling, further suggests a potential for generalisability. Here, a proportional sample was drawn across Johannesburg's seven administrative regions to ensure that, at the very least, conclusions about youth entrepreneurs across Johannesburg's informal economy might be made. The fourth and final observation relating to the generalisability of the results is that no evidence could be found to suggest that Johannesburg's informal economy was atypical compared to informal economies in other urban centres. In fact, there is a tendency to aggregate data across cities, suggesting the potential for a homogenised experience (Wills, 2009).

5.6 Recommendations

Having thus considered both the implications and limitations of this study, a number of recommendations for future research might be posited. The first of these naturally

goes to a more geographically encompassing study, such that differences in hybridity between rural and urban youth could be explored. Here, it is proposed that indigenous youth might exhibit an indigenous-dominant identity with urban youth reflecting a propensity to embody western values more readily.

A second recommendation is investigate the actual mechanisms of hybridity (such as those, for instance, relating to cultural frame switching (Benet-Martínez et al., 2006; Chao et al., 2006). Analysis of the movement of young black entrepreneurs closer to and further from the entrepreneurial 'centre' (that is, the dominant, prevailing archetypal, western culture) might be one way of reflecting on this. What is apparent, here, however, is that a western archetype is indeed the dominant, and idealised culture from an entrepreneurial perspective.

Here, the indigenous culture might not necessarily enjoy an equal status within a hybridised identity. This is akin to a process of either assimilation (such that individuals are absorbed into a more desirable, dominant culture to the extent that contact is lost with the first, indigenous culture) or acculturation (such that individuals are forced to adopt the dominant culture, but retain contact with their own culture) (Lafromboise et al, 1998). What is important to consider, is both the relative strength of a hybrid identity and the marginalisation of an indigenous identity.

A further recommendation is thus to consider the notion of the 'indigenous entrepreneur' within a South African context. Particularly, therefore, more might be done to isolate an indigenous value set amongst, particularly, black entrepreneurs, and in so doing, to explore how these values might impact entrepreneurial behaviours (see Hindle and Lansdowne, 2007). This additionally might lend itself to

a post-colonial understanding of entrepreneurship on the one hand and of the young black entrepreneur on the other, such that confluences of race, power, and values/identity are brought into sharper relief (see Mbembe, 2008; Nkomo, 2011). Overall, what might be of interest is how postcolonialism is potentially concerned with the reinvigoration of pre-colonial, indigenous histories, which might be seen to exist in their own right, and distinct from a colonial influence (Childs and Williams, 1997).

Beyond the notion the indigenous entrepreneur, this doctoral study provides the basis for a study of class and entrepreneurship in South Africa, accordingly, such that an entrepreneur's background might influence the attainment of resources and capitals (see Anderson and Miller, 2003; Storr and Butkevich, 2007). A more evolved consideration of the embedded nature of the entrepreneur within the South African context is necessary such that the 'class' of the individual entrepreneur is taken into account when considering entrepreneurial performance, beyond considerations of race (Seekings and Nattrass, 2005; cf Preisendörfer, Bitz and Bezuidenhoudt, 2012). Deliberations on class, and its interface with resources might suggest how hybridity could result in voluntary formalisation through the assimilation of a dominant western value set. While this was suggested in this research as a potential implication, it is nonetheless important to investigate the different mechanisms underscoring this behaviour.

Notwithstanding considerations of class, race might still dominate a research agenda. Another recommendation might be to thus reflect on relative effects of hybridisation on the other non-white racial categories in South Africa, as well as the

counter-effect of indigenous values on white South Africans (who are seen to embody a western ideal).

Finally, the various recommendations discussed above potentially lend themselves to post-positivist methodologies, such as qualitative research, which are considered relevant in entrepreneurial research (see for instance Ogbar, 2000; Hindle 2004).

5.7 Conclusion

This thesis, it is argued, has made a number of significant contributions. First, this study provides an original understanding of the potential impact that hybrid values might have on entrepreneurial behaviour. It must be acknowledged that while a number of studies have considered youth entrepreneurship within South Africa few if any have made any contribution, theoretically to an understanding of how young black entrepreneurs might behave. This thesis has accordingly developed and tested what is ostensibly the first conceptual framework to achieve this goal. In particular, the framework established how hybrid values might influence black youth, who, in aspiring to become 'legitimate entrepreneurs', seek to 'fit in' and 'stand out' through the attainment of resources, formalisation of their businesses, and entrepreneurial performance accordingly.

Beyond this contribution, the research has also further sought to extend understandings of the informal economy as an entrepreneurial space by moving beyond qualitative conceptualisations to provide statistical evidence, albeit of a largely descriptive nature. This is considered to be an important contribution to newly emergent research which has sought to challenge stereotypical portrayals of the informal economy as a space exclusively for survivalist activity (see Langevang

et al., 2012; Venter et al., 2012). In locating the opportunity-driven behaviour of black, youth within the informal economy this is viewed as an additional significant contribution by this investigation. No prior studies were found which posited an understanding of this group within the context of Johannesburg's informal economy accordingly. Here, particularly, through the notion of 'becoming', a potential understanding of South Africa's 'new young lions' was established through demonstrating the entrepreneurial propensity of black youth.

Finally, this study, in positing a measurable conceptual framework, has provided a significant methodological contribution through the development of three scales. The first was a hybrid scale which melded both archetypal western and indigenous values. This scale was tested and was found to be reliable. Through the application of PCA it was reduced into four factors which, as anticipated, located hybridity on a spectrum ranging from indigenous- to western-dominant hybridism. A further, related, contribution thus is the development of an indigenous value sub-scale which has provided the first insight into indigenous entrepreneurial behaviour in Johannesburg's informal economy.

Secondly, a scale to test formalisation was evolved in order to gauge perceptions relating to the desirability of formalisation. Here, two underlying factors emerged suggesting a propensity for both internal and external compliance. Thirdly, a scale to measure that attainment of resources (or entrepreneurial capitals) was developed. Here, factors indicated the dominance of social capital amongst youth entrepreneurs.

The promise of entrepreneurial research in South Africa is such that the potential exists to contribute new and novel insights. Yet, if recent actions on the part of the

City of Johannesburg in ‘cleansing’ itself of informal entrepreneurs are anything to go by (see Nxumalo, 2013), then much needs to be done to evolve an understanding of entrepreneurial identities at all levels. Importantly, this research has demonstrated not only the entrepreneurial potential of the informal economy, but indeed of young, black youth within this space as well. This, then, challenges conventional considerations of entrepreneurship amongst marginal groups in marginal spaces, and suggests a reconceptualisation beyond mere survivalism. It further underscores the importance of moving beyond essentialised notions of the entrepreneur. Opportunists do exist in resource-strapped environments, but it is up to scholars to recognise them.

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