

https://dspace.org/

The moderating effect of mentorship on enterprise development in South Africa

Willemse, Ashwin Kennith

2018

https://hdl.handle.net/10539/25928

Willemse, Ashwin Kennith (2018) The moderating effect of mentorship on enterprise development in South Africa, University of the Witwatersrand, Johannesburg, <http://hdl.handle.net/10539/25928>

Downloaded from a DSpace repository. https://dspace.org/

The moderating effect of mentorship on enterprise development in South Africa

Ashwin Kennith Willemse (1799833)

Supervisor: Dr McEdward Murimbuka

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management specialising in Entrepreneurship and New Venture Creation

Johannesburg, 2018

ABSTRACT

Enterprise development (ED) is concerned with helping entrepreneurs to grow their businesses. The business development process is dynamic with rapid technological and environmental change that occurs through the enterprise development life cycle. Business incubation programs play an integral part in the development of small and medium enterprises (SMEs). They offer support services, both financial and non-financial, of which mentorship is regarded as one of the key aspects of incubation programs. This study looked at SMEs across South Africa, operating in different industries to evaluate the impact of entrepreneurial orientation on SME growth and determine the moderating effect of mentorship on this relationship. The South African government, through its B-BBEE policies, has mandated corporates to implement ED programs as a way of aiding the growth of SMEs. The challenge faced by SMEs within the context of ED is discussed broadly in this study with recommendations put forth in an attempt to assist the successful implementation of ED.

Entrepreneurial orientation (EO) is an established construct in entrepreneurship literature and its impact on growth is well researched. The three dimensions of innovativeness, proactiveness and risk-taking, as a unidimensional composite is used to assess the level of EO exhibited by the sample. This study however, expanded on the EO-Growth relationship to assess the role of mentorship within the context of ED in South Africa. Mentorship forms part of the developmental process of entrepreneurs and is well incorporated into the ED sphere. This study considered the role of the mentors as it relates to opportunity recognition.

The study applied a quantitative method to analyse the relationship between the independent variable (EO) and the dependent variable business growth (BG), with mentorship being the moderating variable. The survey questionnaire was electronically distributed, producing a final number of 215 respondents as the empirical research sample. Growth, the dependent variable, was considered as a measure of success for SMEs. The measurement of SME growth focused on sales, assets, profit, annual turn-over and employment growth. The high failure

rate of SMEs in SA is a cause of great concern to the government. This study provided empirical research, which further investigated the reasons attributed to government's concerns. It further argued for certain interventions that can be of value to SMEs, government, ED practitioners, mentors and corporates.

A regression analysis and bivariate correlation analysis was adopted to test the hypotheses, confirmatory factor analysis assessed the factorial validity of the constructs. Pearson's test tested the significance of the correlations, visual tests (histograms) and descriptive statistics (skewness and kurtosis) assessed the normality of variables, before hypothesis testing was carried out, factor analysis determined the empirical analysis to confirm the theory, and to reduce dimensions of variables within constructs. In addition, the overall level of Cronbach reliability ($0.68 \leq \alpha \leq 0.89$), and the corresponding EVA of close to 0.3, showed excellent reliability.

The empirical findings of the study revealed that EO had a positive impact on SME growth and that the relationship between EO and growth was moderated by mentorship. As such, this study contributes to the theoretical discourse through its contribution to the existing body of literature. It further adds to literature concerned with the role of mentors in ED, and how this influences the growth of SMEs participating in ED programs. From a practical perspective, it provides recommendations to all stakeholders of ED in South Africa. Finally, this study provides ED practitioners, incubation managers, government policy makers, corporates, mentors, SMEs and entrepreneurs with relevant information to support their strategic planning and the implementation of enterprise development in South Africa.

Keywords: ED, EO, B-BBEE, SME growth, mentorship, incubation, enterprise life cycle, value chain, innovation, risk-taking, proactiveness

DECLARATION

I, Ashwin Kennith Willemse, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Ashwin Kennith Willemse

Signed at ……

On the …….. day of ……..…… 2018.

DEDICATION

I dedicate this work to my late grandparents Koos and Maria Willemse, you may not be here, but I know that you are both smiling. To my parents Michael and Gustava, you may not have walked through the gates of a university nor attended any lectures but you have inspired me to hope and dream. Your love and support are the foundation of my pursuit of a better life for us all. To my dearest Babi, your support and assistance is what made this possible, thanks for all your patience. You can be enormously proud of your contribution; you were there every step of the way.

To my children Kiora, Junior, Sherwin and Africa, I know the sacrifice all of you have made in allowing me to pursue this degree. The many important things I have missed over these months. May this final piece serve as an official apology and may it inspire the quest for knowledge in all of you. The world is not an easy place, I have come to learn over the years, and as you embark on your individual journeys, I hope that I will have the wisdom and understanding to guide and advise you properly. May I develop the ears to listen to your hearts, may words not prevent me from ever expressing my deep felt love and emotions. Yes, I shed a tear or two in writing this but it is with joy and a delighted heart that I type these words, for I know that this accomplishment will be the bedrock upon which you will pursue your goals. May nothing and no one ever stand in the way of you imagining the unimaginable; the world is yours to take. Love you long time…

Michelle, the most amazing love I have ever known. We crawled, we walked and we jogged side by side every step of the way. I am nothing without you; the love we share surpasses all understanding. This journey was not easy, the option to quit was considered more often than I would like to admit; but you made it possible. Your strength helped me endure, my name may be written on this paper but it is equally yours. Thanks for being the best, the most wonderful person in my world. I love you to the moon and back. Forever yours…

I dedicate this degree to all of you.

ACKNOWLEDGEMENTS

I am eternally grateful to my supervisor Dr. McEdward for his contribution to this process. What a journey, you were masterful in how you ever so calmly would tell me to get on with it. Thanks for all the support and words of encouragement. I was given a supervisor and met a friend. Many more students will benefit from your teachings. Continue on your path of enlightenment. I graciously thank you Sir. The legendary Prof. Boris Urban, you are just incredible. Thanks for believing in me, I am eternally grateful to you and the faculty for granting me this opportunity. You are an asset to the country and may your academic prowess be acknowledged the world over. To my friend Mpho, your guidance and advice were invaluable. To Edzai and Mlando, thanks for analysing my data and holding my hand through the statistical analyses. To Miss Moya at Wits Business School, you are the heart and soul of MMENVC, thank you so very much for all the words of encouragement. To my fellow students, thanks for your support, I wish you well with your future endeavours.

This journey would have been much harder without the encouragement of my mentors. To Dr. Sigamoney Naicker and Dr. Leon Klein, I called and you answered. Thanks for your never-ending support, your kind and generous words of wisdom brought an array of light to those unbearable long nights. To my master brother Wilie Small, thanks for the entertaining style with which you mentored me through this process. To Mr. Graham Abrahams, you were the combination of a father and a school principal, always willing to listen but never willing to compromise the process. Your stern words wrapped up in that affectionate embrace certainly made me realise the responsibilities that came with this pursuit. To you and mommy Sharon, thanks for the love and dedication.

This would not have been possible without the support of all the respondents. I appreciate the time spent completing the questionnaires, your contribution to this process is what made it possible. May the findings be of value to all of you and may your businesses grow from strength to strength.

To all the institutions that have allowed me access to the SMEs, thank you very much. In particular, Catherine at Fetola and Seapei at Black Umbrellas, your support and assistance is greatly appreciated. To Chimene at the Wits Centre for Entrepreneurship, your support has helped tremendously, thank you.

To all my friends, thank you very much for your support during this process, your patience and willingness to entertain my thoughts and discussions have assisted me a great deal.

To the rest of my family my brothers Betram, Anley, Bradley, Haneal, Vonk and my sisters Bonnita and Mentie thanks for everything over my lifetime. To Joana, Mannetjies, Louise, Anty, Oom Kwie, Oom Willem, Oom Fred and Oom Danie your love, encouragement and discipline have certainly helped in shaping my character, I am tremendously grateful. To my cousins Andrew, Noekoe, Mercy, Nantes, Kobus, Fransie, Poentjies and all of the rest, this is possible, if I can do it so can you, it's never too late. I know Bunny is smiling from above, you have always been a beacon of hope in the family, we miss you dearly. To Sampie, I think of you and know that you have invested in who I am today. Thank you for all the laughs you brought to me as a child. To Uncle Dolla, may your spirit continue to guide me as I journey to the next phase of my life. To the people of Kleintrou street, An Joan, An Kedol, Oom Pat and all the others, you were all our parents and nurtured us in becoming better people, I owe my existence to all of you. My childhood friends Gena, Bra Gairrie, Nieltjie, Collin, Arnold, Gielie and so many others, we are all worthy of a university degree, let this encourage you to go out and get yours. To Andre de Bruyn, you saw in me what I was unable to see, thanks for recognising my potential. The journey started decades ago; we are still here, let us continue making a difference my brother.

Finally, to my late father Kennith Barends, you were absent my entire life. You are no longer with us, but I will strive to turn the tide, your absence was your presence in my life.

"We are who we choose to be…"

TABLE OF CONTENTS

ABSTRACT ii

DECLARATION iv

DEDICATION v

ACKNOWLEDGEMENTS vi

LIST OF TABLES xii

LIST OF FIGURES xiii

CHAPTER 1. INTRODUCTION 1

1.1 PURPOSE OF THE STUDY 1

1.2 CONTEXT OF THE STUDY 2

1.3 PROBLEM STATEMENT 3

1.3.1 MAIN PROBLEM 3

1.3.2 RESEARCH QUESTIONS 4

1.4 SIGNIFICANCE OF THE STUDY 4

1.5 DELIMITATIONS OF THE STUDY 4

1.6 DEFINITION OF TERMS 5

1.7 ASSUMPTIONS 6

CHAPTER 2. LITERATURE REVIEW 7

2.1 INTRODUCTION 7

2.2 ENTERPRISE DEVELOPMENT (ED) 7

2.2.1 INTRODUCTION 7

2.2.2 ED OVERVIEW 8

2.2.3 THE VALUE CHAIN APPROACH TO ED 10

2.2.4 ENTERPRISE LIFE CYCLE: THEORY OF DEVELOPMENT FOR SMES 13

2.2.5 THE RELEVANCE OF INCUBATION TO ED 16

2.3 SMALL AND MEDIUM ENTERPRISE (SME) GROWTH 19

2.4 ENTREPRENEURIAL ORIENTATION (EO) 22

2.4.1 THE DIMENSIONS OF EO: INNOVATION 24

2.4.2 THE DIMENSIONS OF EO: RISK-TAKING 24

2.4.3 THE DIMENSIONS OF EO: PROACTIVENESS 24

2.4.4 EO AND PERFORMANCE 25
2.4.5 EO AND SME GROWTH 26
2.5 MENTORSHIP 27
2.5.1 MENTORSHIP AND THE DIMENSIONS OF EO 29
2.5.2 MENTORSHIP AND SME GROWTH 31
2.6 CONCLUSION OF LITERATURE REVIEW 32
2.6.1 CONCEPTUAL FRAMEWORK 33
2.6.2 HYPOTHESIS 1 33
2.6.3 HYPOTHESIS 2 34
CHAPTER 3. RESEARCH METHODOLOGY 35
3.1 RESEARCH METHODOLOGY / PARADIGM 35
3.2 RESEARCH DESIGN 36
3.3 POPULATION AND SAMPLE 37
3.3.1 POPULATION 37
3.3.2 SAMPLE AND SAMPLING METHOD 37
3.4 THE RESEARCH INSTRUMENT 39
3.5 PROCEDURE FOR DATA COLLECTION 39
3.6 DATA ANALYSIS AND INTERPRETATION 40
3.6.1 DATA TRANSFORMATION AND CLEANING 40
3.7 VALIDITY AND RELIABILITY 42
3.7.1 EXTERNAL VALIDITY 43
3.7.2 INTERNAL VALIDITY 43
3.7.3 RELIABILITY 43
3.8 REGRESSION ANALYSIS 44
3.8.1 HYPOTHESIS 1 44
3.8.2 HYPOTHESIS 2 – MODERATION 45
3.8.3 STEPS IN TESTING MODERATION 46
3.9 LIMITATIONS OF THE STUDY 47
3.10 ETHICAL CONSIDERATIONS 47
3.11 CONCLUSION 48
CHAPTER 4. PRESENTATION OF RESULTS 49
4.1 INTRODUCTION 49
4.2 DESCRIPTIVE STATISTICS 49
4.2.1 SAMPLE CHARACTERISTICS 49
4.2.2 INCUBATION, ED AND MENTORSHIP 50

4.3 DEMOGRAPHIC PROFILE OF RESPONDENTS 51
4.3.1 COMPANY POSITION 51
4.3.2 AGE 52
4.4 DEMOGRAPHIC PROFILE OF COMPANIES 53
4.4.1 SIZE 53
4.4.2 INDUSTRY 54
4.5 CORRELATION ANALYSIS 55
4.6 GRAPHICAL FREQUENCY DISTRIBUTIONS 57
4.6.1 SUFFICIENCY FOR CFA 61
4.7 RELIABILITY AND VALIDITY 62
4.7.1 VALIDITY 63
4.7.2 RELIABILITY 64
4.8 SPECIFYING THE CFA MODEL 65
4.9 MODEL RESULTS 67
4.9.1 HYPOTHESIS 1 – CORRELATION 67
4.9.2 HYPOTHESIS 2 – MODERATION 68
4.10 SUMMARY OF THE RESULTS 71

CHAPTER 5. DISCUSSION OF EMPIRICAL FINDINGS OF THE RESEARCH 73

5.1 INTRODUCTION 73
5.2 DESCRIPTIVE STATISTICS: DEMOGRAPHIC PROFILE OF THE SAMPLE 73
5.2.1 INCUBATION PROGRAM 74
5.2.2 ED PROGRAM 74
5.2.3 BUSINESS MENTOR 75
5.2.4 RESPONDENTS' OWNERSHIP PROFILE 75
5.2.5 COMPANY PROFILE – SIZE 77
5.3 DESCRIPTIVE ANALYSIS OF THE SCALES 79
5.3.1 EO SCALE 79
5.3.2 BG SCALE 80
5.3.3 ORB MENTORSHIP SCALE 80
5.4 TESTING RELIABILITY OF THE SCALES 81
5.5 FACTOR ANALYSIS OF THE SCALES 81
5.6 DISCUSSION PERTAINING TO THE HYPOTHESES 82
5.6.1 HYPOTHESIS 1 85
5.6.2 HYPOTHESIS 2 86
5.7 CONCLUSION 88

CHAPTER 6. CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS 89

6.1 INTRODUCTION 89

6.2 CONCLUSIONS OF THE STUDY 89

6.2.1 SUMMARIES OF THE MAIN OBJECTIVE, FINDINGS AND HYPOTHESES 89

6.2.2 HYPOTHESIS 1 90

6.2.3 HYPOTHESIS 2 91

6.3 IMPLICATIONS AND RECOMMENDATIONS 92

6.3.1 EO: PROACTIVENESS 92

6.3.2 EO: RISK-TAKING 93

6.3.3 EO: INNOVATIVENESS 93

6.3.4 EO AND SME GROWTH 94

6.3.5 MENTORSHIP 94

6.4 LIMITATIONS OF THE STUDY 95

6.5 SUGGESTIONS FOR FURTHER RESEARCH 96

REFERENCES 97

APPENDIX A 112

RESEARCH INSTRUMENT 112

APPENDIX B 117

COVER LETTER 117

CONSENT FORM 119

APPENDIX C 120

CONSISTENCY MATRIX 120

LIST OF TABLES

Table 1: Research timetable 40

Table 2: Pearson correlations 56

Table 3: Descriptive statistics for the measurement scales 57

Table 4: Factor loadings 62

Table 5: Cronbach's alpha 64

Table 6: Average variance extracted 64

Table 7: Correlations between constructs 65

Table 8: CFA Model equations 65

Table 9: Lavaan iterations 66

Table 10: Correlation co-efficients 68

Table 11: Results for the moderation model 70

Table 12: Summary of Hypotheses 72

LIST OF FIGURES

Figure 1: Three processes for change 8
Figure 2: Conceptual framework 33
Figure 3: Model tested 42
Figure 4: Incubation program 50
Figure 5: ED program..... 50
Figure 6: Business mentor 51
Figure 7: Company position 52
Figure 8: Age categories..... 52
Figure 9: Annual turnover..... 53
Figure 10: Employee numbers 54
Figure 11: Industry 55
Figure 12: EO..... 58
Figure 13: Risk-taking 58
Figure 14: Proactiveness 59
Figure 15: Innovativeness..... 59
Figure 16: Mentorship 60
Figure 17: Growth 60
Figure 18: Visual distributions of variable consolidated..... 61
Figure 19: Scatterplot of residuals for BG 69
Figure 20: Moderation model 70
Figure 21: EO, growth – moderation model 71
Figure 22: Industry performance 79

CHAPTER 1. INTRODUCTION

1.1 Purpose of the Study

The purpose of this research was to evaluate the relationship between entrepreneurial orientation (EO) and small medium enterprise (SME) growth, as moderated by mentorship on SMEs participating in enterprise development (ED) initiatives in South Africa. The success of companies is dependent on EO, including a range of other factors regarding the performance of their businesses (Omisakin, Nakhid, Littrell & Verbitsky, 2016). Leeuw (2012) suggested that support in the form of mentorship, as part of the overall development of the entrepreneur, is essential to SME growth.

The rate at which new SMEs fail in South Africa is considered to be among the highest in the world (Olawale & Garwe, 2010). A study conducted by Olawale and Garwe (2010) investigating the obstacles to growth for SMEs in South Africa discovered that SMEs are viewed as a vital part in solving the developmental issues in the country. A growing body of research considers entrepreneurship as key to the development of transition economies. Georgieva (2016) stated that, within the context of a transitional economy, apart from the qualities of the entrepreneur, social factors also contribute to the success of entrepreneurial ventures. The Broad-based Black Economic Empowerment (B-BBEE) Amendment Act of 2013 (RSA, 2013) makes provision for the development of the entrepreneur. Therefore, there is an expectation that entrepreneurs participating in ED programs should succeed in building a successful business (Masutha & Rogerson, 2015).

Apart from developing enterprises to grow and be profitable, ED also attempts to stimulate developmental philosophies through the implantation of monetary and non-monetary initiatives, which include mentorship (Leeuw, 2012). Mentoring of entrepreneurs during the process of establishing and executing their businesses is fundamentally important when developing capabilities to enact business opportunities (Wilbanks, 2013).

1.2 Context of the Study

The global economy is forecasted to grow by 3.1 per cent in 2018, boosted by an unexpectedly strong 2017 and the continued recovery in manufacturing, investment and trade (www.worldbank.org). This is certainly very different from the global financial crises of 2008, which placed tremendous pressure on the sustainability of SMEs and consequently required them to alter their approach to doing business (www.oecd.org). Furthermore, this resulted in a significant drop in financial assistance to SMEs (Cowling, Liu, Ledger & Zhang, 2015), which had further negative effects on their performance (Cowling et al., 2015). These funding concerns may adversely affect firm growth and constrain economic recovery (Fraser, Bhaumik & Wright, 2015).

However, the World Bank (www.worldbank.org) reported that in 2018 advanced economies are expected to show moderate growth of 2.2 per cent, whereas the projected growth in emerging markets and developing countries is 4.5 per cent (www.worldbank.org). In the South African context, companies have to consider how they can incorporate the requirements of the B-BBEE Amendment Act (RSA, 2013) in a meaningful way (Leeuw, 2012). In its preamble, the B-BBEE Amendment Act (RSA, 2013) states that under apartheid, race was used to exclude the majority of the population from participating in the economy. As such, the B-BBEE Act seeks to promote equality and increase effective broad-based economic participation of the majority of the black population, as stated by the Department of Trade and Industry (DTI). The objective of the B-BBEE Act is socially desirable as it aims to promote higher growth rates among black owned firms, and increased employment (www.thedti.gov.za).

Currently, and for the foreseeable future, B-BBEE is arguably one of South Africa's most important business criteria. Through this legislation, the South African government has prioritised SME development as a means to employment growth (Leeuw, 2012). To this effect, existing corporates are encouraged to support the development of black owned SMEs through ED programs (www.thedti.gov.za). Research conducted in the car manufacturing industry by Shale (2009) on the effectiveness of ED revealed that, according to the DTI, ED is one of the least implemented elements of the B-BBEE scorecard.

This observation is problematic, considering that SMEs account for 60 to 70 per cent of businesses in most of the Organisation for Economic Co-operation and Development (OECD) countries (www.oecd.org). Some of the problems that confront SMEs relate to finance, access to finance, high interest charged to small firms, and low credit rating due to limited collateral. Literature highlights that most countries have existing SME support programs (www.oecd.org).

The South African government, through ED enshrined in the B-BBEE Act, have legislated SME development and support (RSA, 2013). This study hopes to illuminate some of the aspects that stifle the growth of SMEs in South Africa.

1.3 Problem statement

As a country, South Africa is faced with tremendous socio-economic and political challenges. The growing unemployment rate, 27,7 per cent in 2017 according to Statistics South Africa (Stats SA), especially among young people, is regarded as one of the critical issues for government and the private sector alike (www.statssa.gov.za). Entrepreneurship is viewed as an essential instrument for economic development, poverty alleviation and employment creation (Kaunda, 2012). Through its B-BBEE policy the South African government's support for SME development is well articulated; furthermore, the investment and support by private corporations is critically important to the economic development of SMEs (Ntlamele, 2015). The challenge for government and the business community is to establish an effective way of maximising the benefits deriving from B-BBEE policy, including ED.

1.3.1 Main problem

ED initiatives are open to any previously disadvantaged South African. Participants are not screened or selected on their level of EO or business growth (BG) propensity. Understanding the EO of ED, beneficiary SMEs would help develop better comprehension of the effects of ED initiatives on SME growth. Furthermore, mentorship is a dominant feature in ED business

development support services. However, the valuable impact of mentorship on SMEs participating in ED programs needs further exploration.

1.3.2 Research questions

1. How does EO affect the growth of SMEs participating in ED?
2. Does mentorship moderate the interaction between EO and SME growth in ED?

1.4 Significance of the Study

SMEs occupy an extremely important space in developing nations and are considered the drivers of growth; they are critical to reducing unemployment and alleviating poverty. In referring to the concept of EO, Kaunda (2012) argued that EO is applicable to younger firms and that South African entrepreneurs should incorporate these behavioural dimensions in managing and successfully growing their businesses.

This study aimed to provide guidance on how mentorship moderates the EO/growth relationship among SMEs. The study should add considerable value to entrepreneurs, corporate companies, and policy makers. It seeks to provide insight into the efficacy of mentorship on SME growth. The research attempted to contribute to the literature regarding ED, mentorship, EO and SME growth, through generating new data on the interaction between EO, mentorship, SME growth and ED. Empirical research reveals that most studies to date assessed the EO and performance relationship (Moreno & Casillas, 2008). This study sought to expand the overall knowledge by gauging the impact of EO on SME growth.

1.5 Delimitations of the Study

- The research study focused on SMEs participating in ED.
- The study focused on SMEs across all sectors of commerce in South Africa.

- The respondents were owners, entrepreneur managers, or senior level managers.
- The study focused purely on growth indicators, as opposed to the various dimensions of performance.

1.6 Definition of Terms

Small and medium enterprise (SME): SMEs are regarded as enterprises with less than 150 employees; with the distinct difference between small and medium enterprises being that small enterprises are those firms with fewer than 50 employees (www.mict.org.za).

Mentorship: Mentoring is an entrepreneurial act concentrating on creating and identifying opportunities (Engel, Kaandorp & Elfring, 2016) through a relationship in which an established entrepreneur transfers knowledge to a developing entrepreneur (St-Jean & Audet, 2009).

Enterprise development (ED): Carree and Thuril (2003, as cited in Jogunola, 2013, p. 6) defined ED as, “the act of investing time and capital in helping people establish, expand or improve businesses”.

Entrepreneurial orientation (EO): The strategic decision-making processes that inform the entrepreneurial actions and decisions of organisations (Rauch, Wiklund, Lumpkin & Frese, 2009).

Innovativeness: According to Lumpkin and Dess (2001), innovativeness signifies the efforts undertaken by a firm to discover new and novel solutions and opportunities. It encompasses creativity and experimentation that leads to improved technological practices, and new products and services.

Risk-taking: This is the willingness to act in times of uncertainty, despite the firm not knowing and having no guarantee of success. Unlike gambling, risk-taking consists of the methods applied by a firm to take calculated risks to gain a competitive advantage (Li et al., 2009).

Proactiveness: A firm's efforts to capture new opportunities, assess future requirements of customers, and anticipate problems and changes that may result in new business opportunities (Kaunda, 2012).

1.7 Assumptions

This section states any assumptions that might influence the research. It was assumed:

- that the respondents would make time to answer the questionnaires;
- that the respondents would fully comprehend the questions, as related to their businesses and would provide truthful and honest answers;
- that the respondents would represent the key decision-makers in the companies;
- that each respondent would represent only one firm; and.
- that because the survey targeted South African firms, all businesses were registered in the country.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

An overview on ED is provided in this chapter, followed by a review of the empirical studies on SME growth, EO and mentorship. The literature review concludes with development of hypotheses on the EO and SME growth relationship, as moderated by mentorship. The conceptual framework of the study was developed through arguments presented in the literature review.

2.2 Enterprise Development (ED)

2.2.1 Introduction

Researchers have applied different definitions to ED, depending on the purpose and the context of their study. Koven and Lyons (2003) consider ED the guidance and support afforded to start-up entrepreneurs in the course of their growth stages to ensure their eventual success. Duba (2017) regarded ED as an undertaking to invest time and capital to help prospective entrepreneurs to start, develop and grow their businesses. The enterprise has three aspects to it; first, the willingness to take action, second, an organised, systematic and purposeful activity, and third considers the complicated risk associated with starting and running an enterprise (Gartner & Bellamy, 2008). As such, the enterpriser (entrepreneur) is considered to be an individual who organises and initiates action that has certain risks associated with it (Gartner & Bellamy, 2008).

For the purpose of this study, ED was defined in accordance with Carree and Thurik (2003) that defined ED as, the investment of time and capital to assist entrepreneurs in the establishment, improvement, and growth of their businesses.

2.2.2 ED overview

The objective of ED is the creation of enterprises that will grow in a sustainable manner, which has a positive impact on economic growth and job creation. According to Gartner and Bellamy (2008), the evolutionary process of business can be summarised in one word, change. They argue that at some point every business goes through change and have put forth three processes for change, as a framework for ED as seen in Figure 1.

During the first process, emergence, the new venture is created and starts new projects. The second stage is concerned with the challenges of newness, referred to as the liability of newness in the literature, which relates to the findings that new firms are vulnerable and have a higher propensity to failure than do older established businesses. Finally, the third stage of transformation relates to the small firms that have managed to survive the early years and are subsequently faced with internal or external factors that require them to change (Gartner & Bellamy, 2008).

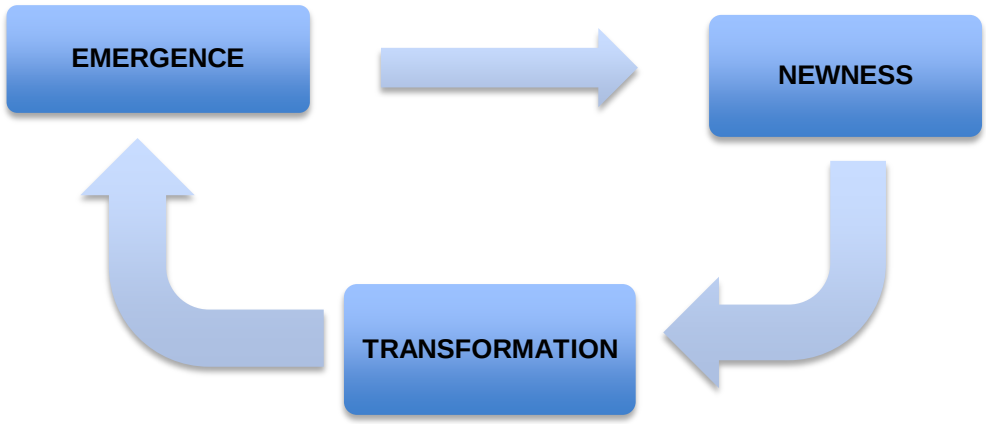


Figure 1: Three processes for change

(Gartner & Bellamy, 2008, p. 9)

It is noted with great concern by the South African government (Rogerson, 2010), that the rate at which South African SMEs fail is considered to be in the region of 80 per cent (Chiloane-Tsoka & Mmako, 2014). Literature highlights some of the various challenges encountered by SMEs in an attempt to develop

and grow. Apart from struggling to access financial resources, weak infrastructure and a shortage of quality employees, SMEs have to deal with onerous government regulations and overcome the technological barriers that may influence their competitiveness (Ackah & Vuvor, 2011; Chidoko, Makuyana, Matungamire & Bemani, 2011; Haron, Yahya, Khalid & Ganesan, 2010; Zeebaree & Siron, 2017).

Within the South African context, the DTI stated that increased growth of current and future enterprises is a way to create and provide sustainable job opportunities. The discussion on ED must include the roles of stakeholders such as government, policy makers, and entrepreneurs. Kelley, Singer and Herrington (2012), pleas for the effective implementation of government policies, to inspire people, especially the growing youth population, to start businesses. This is of particular importance when considering that the Total Entrepreneurial Activity (TEA) rate in South Africa (6.5 per cent) as an efficiency driven economy, are relatively low (Herrington, Kew & Mwanga, 2017). Therefore, Zeebaree and Siron (2017) stated that policy makers acknowledge the importance of SMEs in the economy and recognises their need to develop and grow. The importance of ED in developing countries is recognised as a major imperative to achieving the national developmental goals (Mrkajic, & Scalera, 2015). It is worth noting that government intervention programs for ED are in existence around the world, as in the case of the European Commission, where the policies around business enterprise are designed to support SMEs (Duba, 2017). The South African government, in an attempt to address the historical imbalances, enacted the B-BBEE Act (RSA, 2003) as national government policy.

In a study on the effectiveness of ED in South Africa, Ryan (2012) argued that the development of SMEs should be geared towards sustainable growth. The study emphasised the need to build sustainable globally competitive enterprises. In reference to the role of SMEs in creating sustainable jobs, Ryan (2012) considered the unstable nature of SMEs to be somewhat problematic and that it may at best serve as a temporary solution. Recommending that the

focus should shift to the creation of a globally competitive economy in which competitive businesses can thrive (Ryan, 2012).

Considering the disparity between rich and poor people, these objectives are regarded, as much needed interventions from the state. The OXFAM (2017) annual report stated that the divide between wealthy and impoverished people increased, with economic inequality reaching extreme levels. “In South Africa, inequality is greater today than in apartheid” (OXFAM, 2017, p. 7). Jogunola (2016) noted with specific reference to the construction sector that government policy is an attempt to address the challenge of access to opportunities for SMEs.

Further on the literary discourse, Pooe (2013) claimed that in essence ED is any effort by a firm to develop enterprises outside of their immediate supply chain. The study proposed that there should be alignment between prospective suppliers and the purchasing firm’s supply chain requirements. Various studies express similar views (Ryan, 2012; Terblanche, 2011; Olawale & Garwe, 2010) all of which are in alignment with the B-BBEE codes of good practice (2007) and the amended B-BBEE Act of South Africa (RSA, 2013). The B-BBEE Act draws no distinction between ED and enterprise supply chain development (ESD), thus turning ED into a critically important legislative requirement within the South African context (Pooe, 2013).

This research attempted to elaborate on the value chain approach, the enterprise life cycle and incubation as ED models in the sub-sections that follow.

2.2.3 The value chain approach to ED

The abovementioned ESD policy creates an opportunity for the value chain approach as a model of ED to be implemented. In contrast to the traditional ED methods, the value chain approach is concerned with the development of market linkages, the improvement of business services market, and the creation of a more efficient operating environment for enterprises. The value chain concept is still a process of continuous evolution. However, the value chain

approach is widely acknowledged as a mechanism to assist the process of market integration. The competitive advantages gained by firms that form part of an integrated value chain is well documented. The adoption of a value chain approach allows SMEs to integrate into higher valued markets, which in turn increases their competitiveness (Pooe, 2013).

Understanding that all firms are part of a network of firms, value chains allow for a comprehensive understanding of what constitutes this network firm paradigm. The value chain encompasses a discreet, yet interconnected list of activities that has to do with design, production and marketing of products (Belussi & Arcangeli, 1998; Gereffi, Humphrey, Kaplinsky & Sturgeon, 2001; Powel, 1990; Thorelli, 1986). It is argued in literature that SMEs, through adopting a value chain approach, can benefit from their integration into a local or global value chain (Pooe, 2013). Literature has repeatedly indicated that exogenous influences can have an impact on the development and ultimate success of enterprises. Earlier research conducted by Hmieleski and Ensley (2007) suggested that the predictability of stable socio-political environments might negatively affect new venture creation. In their study of women-owned home-based enterprises, Marlow (2013) expressed how the environmental conditions in the Middle East, the global economic crisis, and the Arab Spring were perceived as crises that presented opportunities for these women entrepreneurs, resulting in them creating long-term sustainable enterprises.

The need for ED initiatives by government and other stakeholders has been well articulated in literature (Isenberg, 2011; Kelley et al., 2012). Considering government policy and the regulatory environment in South Africa through ED and ESD as part of the B-BBEE, which places great emphasis on large corporates to provide business development services, financial assistance and mentorship to SMEs, it can be argued that South Africa provides an ideal opportunity for the successful implementation of ED. Further amendments to the B-BBEE codes of good practice places greater emphasis on procurement and further reinforces the need for effective ED initiatives by corporate companies in South Africa (Pooe, 2013).

It is stressed that successful investment in the development of suppliers through B-BBEE ED can yield positive returns for corporates (Ryan, 2012). In his study on enterprise development, Pooe (2016) noted that several companies strategically approach ED and ESD without distinguishing between the two concepts. The study further expands on the interplay between ED and ESD and highlights their importance within the South African context. Noting that companies can benefit greatly from understanding the fundamental differences between ED and ESD; ED is considered a process through which SMEs can participate in the mainstream economy, and their integration into value chains can be facilitated through ESD (Morales-Nieto, 2008). As such, Jack and Harris (2007) stated that the B-BBEE policy regards preferential procurement as an objective of ED, and should be regarded as an opportunity for corporates to adopt SMEs into their supply chain.

However, the ED Report (Fröhlicher & Pothering, 2013), sheds light on the implementation challenges faced by corporates in South Africa. The report stated that the majority of their research participants acknowledged the beneficial socio-economic impact of ED but admitted that without government intervention they would not have participated in ED (Fröhlicher & Pothering, 2013). An earlier study into the effectiveness of B-BBEE ED, Ryan (2012) concluded similar findings.

The growth and development of enterprises happens gradually over a period, the life cycle theory focuses on the different stages of development. Considering that three decades ago Mokry (1988), alluded to the disconnect between government intervention and entrepreneurial development through observing the economic development spend of government. Furthering the argument, many local governments use similar means to that which they deploy to assist big business, albeit on a smaller scale, to assist the development needs of SMEs. Through the promulgation of the National Small Business Act of 1996 (RSA, 1996), the newly elected democratic government of South Africa sought to promote small business. The establishment of the Ministry of Small Business Development (DSBD) in 2014 was considered a turning point in as far

as the national government expressed its commitment to the development and support of small business (www.dsbs.gov.za).

Government support alone is not enough for SMEs; hence, it relies on corporates to assist small business and ensure the successful implementation of ED. Furthermore, Said, Adham, Abdullah, Hänninen, and Walsh (2012) claimed that business incubators evolve through essential life cycle stages, which determine the effectiveness of the support that they are able to provide SMEs. These support mechanisms however, need to provide the entrepreneur with all the necessary means to ensure success. To understand the developmental path of SMEs, this research drew attention to the enterprise life cycle theory.

2.2.4 Enterprise life cycle: Theory of development for SMEs

The enterprise life cycle was proposed by Haire (1959), followed by Greiner (1972), whose five-stage theory focused on ED, where after Flamholtz (1986) presented the seven-stage theory, followed by Adizes (1989) who proposed the ten-stage theory.

Criticism levelled against the enterprise life cycles are concerned with the unidirectional development patterns that ignore the non-linear process of growth that occurs due to various factors that negatively impact the development process of growth (Perrault & McHugh, 2015). Apart from these concerns studies recognises that the growth stage models have developed a more sophisticated conceptualisation of firm growth (Brown & Mawson, 2013; Ingley, Khlif & Karoui, 2016; Phelps, Adams, & Bessant, 2007). Schiopu, Vasile, and Tuclea (2015) are of the view that business incubators provide SMEs with the necessary support during the various stages of their life cycles, with particular emphasis on the challenging start-up phase. Business incubators are therefore considered as an essential part of ED, ensuring that SMEs grow through their developmental stages (Schiopu et al., 2015).

In their research, Yue and Hanxiong (2011) approached ED from the life cycle perspective, assessing the developmental process of enterprises. In describing

the features of the life cycle of ED, Yue and Hanxiong (2011) compared the phenomenon of enterprise growth to that of a human body during its maturation phases. Other scholars have found no correlation between the life cycle stages and the chronological development of the firm (Bailey & Grochau, 1993; Rutherford, Buller & McMullen, 2003). In an attempt to avoid the aspect of linearity associated with the enterprise life cycle, Aldrich (1999) put forth the term 'life course' instead. Another concern is based on the finding that growth stage models are not the best predictors of the specific challenges encountered by an enterprise at any particular stage of its life cycle (Phelps et al., 2007). In recognition of the varying views, Yue & Hanxiong (2011) made noticeable mention of the fact that researchers have undertaken previous studies gauging the various stages of the enterprise life cycle. These divergent views highlight the lack of consensus pertaining to the firm's life cycle and the particularities of the different stages thereof (Ingley et al., 2016).

Contemporary literature has argued for a multidimensional approach to the different states of the firm, instead of the sequential growth stages (Ingley et al., 2016; Levie & Lichtenstein, 2010). Research on the growth stage models identified 33 separate models that uniformly capture the underlying assumptions but lack integration (Phelps et al., 2007).

In this study, particular attention was given to the five-stage model by Greiner (1972). Greiner's stage model consists of five distinguishable stages, which uniquely experience growth that culminates in a management crisis. The study presented five developmental phases that exist alongside a continuum that is termed evolution, a prolonged growth period with no great challenges, and revolution, which describes the challenging times in the organisational life cycle (Greiner, 1972).

As enterprises develop and evolve, they go through many phases and encounter a multiplicity of challenges that can have dire consequences. The evolution and revolution stages each represent five distinguishable phases that sees the enterprise grow from a small to an established firm. There is an important causal relationship between the various phases, observed through the cause and effect between the respective phases. Apart from the events of

the day and external market forces, many organisational problems are rooted in historical events that ultimately affect the future growth of the company (Greiner, 1972).

Yue and Hanxiong (2011) made the following observations in explaining the different aspects of enterprise life cycle stages. In the survival period, because of the shortage of enterprise resources, enterprises should depend on their specific ability to compete with others. During the growth period, as the resources grow more, it becomes the competition of resources and capacities. The matured phase sees enterprises possess the most resources, but their abilities begin to slip. When entering the ageing stage, as resources become limited, the competition of enterprises comes back to the original competition, innovativeness, flexibility and performance are at their lowest. These factors determine the triumph or collapse of enterprises, which means that if they are not improved, enterprises will stop developing and gradually head into a state of demise (Yue & Hanxiong, 2011).

As previously indicated, there exists a variety of life cycle models; however, it is recognised in literature that the stage models continue to capture the interest of researchers, despite significant criticism (Becker, Knyphausen-Aufseß & Brem, 2015; Delmar & Wiklund, 2008; Ingley et al., 2016; Levie & Lichtenstein, 2010). Research further argues that growth stage models have developed a more sophisticated conceptualisation of firm growth (Brown & Mawson, 2013; Ingley et al., 2016; Phelps et al., 2007).

In this study, the enterprise life cycle encapsulates the process of ED while simultaneously bringing forth the dimensions of EO through the proactive nature of firms in pursuit of growth. Furthermore, the innovative approach of SMEs in dealing with fundamental shifts at the various stages of growth, and the ultimate risk associated with the pursuit of growth represents, in essence, the dimensions of EO.

The provision of infrastructure and business support services provided through business incubators (Stokan, Thompson, & Mahu, 2015) are of fundamental importance to SMEs throughout the evolutionary and revolutionary stages of the

enterprise life cycle. Globally, the role of business incubators on economic development has received much scholarly attention (Lalkaka, 2001).

2.2.5 The relevance of incubation to ED

The concept of business incubation is a structure designed to aid in the development of small enterprises through their growth phases. The business recipients, who participate in incubation programs, are entrepreneurs interested in the development and growth of their enterprises. As such, this research drew attention to the important aspect of incubation, which is considered to be the implementation mechanism for ED by government and the private sector (Lose, Tengeh, Maziriri, & Madinga, 2016). The function and goal of incubators, according to Choto (2015), is to promote the establishment of enterprises and support the growth of entrepreneurial ventures. The relevance of such support is visible today through the active involvement of governments and the private sector (Lose, Tengeh et. al., 2016). An important aspect to note, is that instead of assisting only established firms, business incubators focus on the support required by young firms in order to facilitate growth (Stokan et al., 2015).

Barringer and Ireland, (2006) highlighted the significance of SMEs and their importance to entrepreneurs, the broader society and economic development. As previously stated, research indicates that SMEs impacts positively on job creation, economic growth, industrial development, entrepreneurial activities and international trade (Mutambi, Byaruhanga, Trojer, & Buhwed, 2010; Rootman & Kruger, 2010). However, SMEs have a high mortality rate in the early years of business, hence the emphasis by Nieman and Nieuwenhuizen (2009) on the importance of business management and entrepreneurial skills for incubation managers. In studying the role of incubators in the Western Cape Province, Lose (2016) investigated the state of entrepreneurial skills requirements of SMEs in the Cape metro. The findings suggested that SMEs should join incubation programmes to increase their survival and to acquire much needed entrepreneurial skills. Further suggestions stated that the government should prioritise its support to incubators and recommended that incubation managers further develop their own entrepreneurial skills (Lose,

2016). As such, Said et al. (2012) argued that the impact of business incubators on ED is related to the incubator's stage of development and where it finds itself in the enterprise life cycle.

Incubated firms receive significantly more business development services than do non-incubated firms; analysis revealed that incubators positively impact the number of jobs created by incubated firms (Stokan et al., 2015). A study conducted on business incubators in the US, revealed that incubators positively impact employment and sales growth of new ventures while similarly increasing their chances of success through dealing with the liability of newness, resulting in increased growth (Amezcua, 2010). Various studies reported on the contribution made by incubators on the growth trajectory and performance of incubated firms (Schwartz, 2011; Seeger 1997). Therefore, it is not surprising that business support for SMEs and entrepreneurs has become centred on incubator programs (Şehitoğlu & Özdemir, 2013). Entrepreneurship policies of countries across the world have implemented incubation programs to support small business and generate economic growth (Amezcua 2010). As such, SMEs benefitting from incubation programs are considered critically important to economic development, poverty alleviation, and job creation (Lose, Tengeh et al., 2016).

In studying the role of incubators in South Africa, Masutha and Rogerson (2014) noted the rapid growth of the business incubation industry and discovered that most entrepreneurs were concerned with the communication between incubation recipients and incubation managers, as well as the role of the business development practitioner. Sustainable growth of SMEs is essential to ED, and as such, the role of incubation must concentrate on eliminating the obstacles prohibiting the growth of firms (Lose, Tengeh et al., 2016). Evaluating the aspects that obstruct the growth of incubated firms in South Africa, Lose, Tengeh et al. (2016), highlighted the following factors that emanate from various prior research studies.

The lack of funding and access to a credit facility impacts on the ability of the incubated firms to purchase the necessary equipment, attract a quality labour force, and ,access commercial loans, due to a shortage of tangible assets, a

non-existent credit record and limited collateral (Asoba & Tengeh, 2016). The skills shortage of incubator managers is put forth in literature as the reason for the lack of support derived by incubation recipients from incubators (Buys & Mbewana, 2007; Tengeh & Choto, 2015). Lose (2016) suggested that incubation recipients remain in incubation programs to obtain the necessary business skills, and enhance their personal, financial, technical and management capabilities.

Business is extremely competitive, as such competition is considered a realistic challenge by all entrepreneurs (Kanchana, Divya & Beegom, 2013). Justino and Tengeh (2016) argued that small enterprises struggle to compete in the market as they lack a strategic approach. Allowing for the consideration of EO, as a strategic orientation will enhance the strategic capabilities of incubation recipients. Eggers, Kraus, Hughes, Larraway and Snycerski (2013) highlighted the efficacy of EO in SMEs as it relates to their strategic approach. Justino and Tengeh (2016) mentioned the effect of crime in South Africa and the stifling influence it has on business, especially small business. Company records and business documentation is critical when operating a business, as funders and government requires business owners to have all relevant, updated legal and compliance documents on hand at all times. The lack of such documents can negatively affect the development of incubated firms (Pretorius & Shaw, 2004).

These challenges are critical factors that affect the sustainability of ED, especially considering that numerous studies revealed that business incubators occupy a significant place in the growth and development of SMEs in South Africa (Buys & Mbwena, 2007; Justino & Tengeh, 2016; Lose, Tengeh et. al., 2016; Tengeh & Choto, 2015). Incubators provide a variety of services and resources to entrepreneurs, including, but not limited to, infrastructure support, technical expertise and business mentoring (Lose, Tengeh et. al., 2016).

As such, it is reasoned that SME participation in business incubation programs can positively influence the SMEs' overall performance (Lose, Tengeh et. al., 2016). Importantly though, the selection criteria of incubator firms must ensure that they choose SMEs that have the potential to grow (Stokan et al., 2015).

2.3 Small and Medium Enterprise (SME) Growth

Growth is regarded as an evolutionary development of expansion and productivity in which firms are continuously exploring new opportunities in pursuit of new lucrative markets (Penrose, 1959). Garnsey (1998) claimed that firm growth is reliant on the firm's ability to construct the necessary competence in order to deal with an ever-changing environment. This development is not without challenges; the lack of finances, a scarcity of resources, and the shortage of managerial skills are cited as some of the factors that affect SME growth (Ryan, 2012).

SME growth is defined and measured in many different ways, Olawale and Garwe (2010) stated that changes occurring in productivity, sales, employment and profits are the most common measures defining growth (Olawale & Garwe, 2010). In a study conducted by Leeuw (2012), growth was measured through the change in turnover and employee numbers (Leeuw, 2012). It was reported that a complex relationship between firm growth and EO exists, but that they are nonetheless positively related (Moreno & Casillas, 2008). The study also indicated that the strategic behaviours of EO are what drive growth along with the environmental conditions and resource availability.

The significance of growth as a measure for entrepreneurial success is noted by researchers, with a general consensus that venture growth should investigate elements of employment, sales and profit growth (Urban, van Vuuren & Barreira, 2008; Urban, Barreira & Nkosi, 2012). In their study on SMEs, Eggers et al. (2013) used revenue and employment as the two indicators to measure growth, which, according to Carton and Hofer (2006) and Davidsson, Delmar & Wiklund (2006) was used extensively as measures of success in entrepreneurship studies. Notwithstanding, strategic entrepreneurship research importantly reports that faster growth is consistently found among entrepreneurial firms (Rauch et al., 2009). Garnsey (1998) posited that firms need to show some form of growth if they are expected to be competent players in the market place. Therefore, this research drew attention to the argument posited by Penrose (1959), that growth comes as a result of

being entrepreneurial. Thus, entrepreneurship research has adopted enterprise growth as a key measurement of firm success (Carton and Hofer, 2006).

Different growth models have been used to evaluate the various aspects that influence new venture growth, the life cycle approach is an example of such models through which the continuous sequence of firm growth is being explained (Kuratko & Hodgetts, 2004; Timmons & Spinelli, 2004). To some extent, researchers are in agreement regarding the importance of the life cycle stages as it relates to enterprise growth (Bygrave & Zacharakis, 2008). Criticism regarding the ontology of the life cycle model, finds the linear perspective of growth problematic (Davidsson et al. 2006; Phelps et al., 2007). The argument put forth by Gibrat's Law, which looks at growth as a discontinuous and random process, supports this critique (Dlamini, 2016; Sutton, 1997). The Penrosian viewpoint considers growth paths of firms as neither continuous nor random; Penrose (1959) stated that the growth is informed by the existence or non-existence of productive opportunities, which determines the likelihood of firm growth (Dlamini, 2016; Hamilton, 2011; Penrose, 1959).

Considering both perspectives, it is worth mentioning that the three constants that underpin the occurrence of growth are; (1) the willingness of the entrepreneur to grow, (2) access to resources that will enable growth, and (3) an enabling environment that is conducive to growth (Gilbert, McDougall & Audretsch, 2006). However, not all firms are necessarily concerned with growth, as some start-ups are more inclined to focus on survival (Dlamini, 2016), with other studies illustrating examples of firms that have hardly attained any growth worth mentioning (Wiklund, Davidsson & Delmar, 2003). Recognising that growth may not necessarily be the objective of all firms and therefore cannot be considered a prerequisite for the business to exist, because firms may opt to remain small for a variety of reasons, with the owners' intent being one of them (Davidsson et al., 2006). Whereas, the motivation that underpins the willingness of a firm to grow is considered as a precondition to growth (Baum, Schwens & Kabs, 2011), it is stated that the growth objectives of a firm, through its life cycle, are determined by the entrepreneur at inception (Fraser et al., 2015).

It is important be familiar with the dynamics influencing growth, considering the socio-economic relevance of firm growth in market economies (Parker, 2004; Valliere, 2006). There is a vast body of literature signifying the importance of small business to economic growth, yet Bamiatzi and Kirchmaier, (2012) were of the view that these studies often do not comprehensively explain why and how these ventures grow. Clarysse, Bruneel and Wright (2011) similarly claimed that the literature explaining growth is insufficient and inadequate, which, according to Eggers et al. (2013), represented valuable and interesting scope for further research. SME growth however, is regarded in literature as one of the unresolved conundrums (Clarysse et al., 2011; Davidsson et al., 2006).

When considering the economic contribution of entrepreneurs to societies, it is important that we broaden our understanding around the underlying factors that affect entrepreneurial growth (Leitch, Hill & Neergaard, 2010). The economic impact of thriving SMEs is recognised throughout the world and has gained significant scholarly interest globally (Lose, Tengeh et al., 2016). As a result, many believe that SMEs are essential to growing the economy, creating jobs, and alleviating poverty (Choto, Tengeh & Iwu, 2014; Lose, Maziriri & Madinga, 2016). Notwithstanding these contributions, research finds that the high mortality rate of SMEs in South Africa remains a cause for concern (Choto, 2015; Lose, 2016; Nieman & Nieuwenhuizen, 2009), placing the country among those with the highest SME mortality rates in the world (Olawale & Garwe, 2010). Governments view the development of SMEs as an essential part of economic growth in many countries around the world. SME support in the form of ED will help them to deal effectively with their challenges and may increase their chances of success (Ryan, 2012). The South African government recognises that SMEs can positively influence economic growth (Ayandibu & Houghton, 2017). Wennekers and Thurik (1999) found that firms with a propensity to grow have been recognised as key sources to economic growth and building a prosperous society. As such, many countries have adopted policy to encourage the creation of growth oriented firms, while supporting operating firms to grow (Lalkaka, 2002).

It is noted that firm growth has received attention across multiple study fields (Delmar, Davidsson & Gartner, 2003; McKelvie & Wiklund, 2010), with particular interest in a multi-disciplinary outlook (Wright & Stigliani, 2012). Growth has largely been expounded through theories adopted from various disciplines, assessing growth from their own perspective according to Dlamini, (2016). It is found in literature that entrepreneurs' view on growth emphasised the increase in sales, number of employees, profit and assets as important indicators (Achtenhagen, Naldi & Melin, 2010).

In their study on SME growth, Neneh and Van Zyl (2014) measured growth as a composite of growth in sales, assets and employees. This measure covers the expectations of multiple stakeholders such as entrepreneurs, corporates, and policy makers (Neneh & Van Zyl, 2014). This study measured growth, based on the instrument used by Dlamini (2016), which included the aforementioned variables as well as other critical elements to appropriately measure growth as the DV.

2.4 Entrepreneurial Orientation (EO)

EO, as a means of developing a competitive advantage, is considered a strategy-making process of organisations engaging in an entrepreneurial manner (Covin & Slevin, 1989; Lumpkin & Dess, 1996; Rauch et al., 2009). Within the entrepreneurship literature, EO is widely recognised as an established construct that characterises what it takes for an organisation to be entrepreneurial (Covin & Miller, 2013; Wales, 2016). EO, as the manifestation of entrepreneurship, has been studied at different levels of aggregation, including individual and firm level (Mthanti, 2014).

The EO construct originated in strategy literature, and has been used in strategic management with reference to the entrepreneurial tendencies of firms (Becherer & Maurer, 1997; Lumpkin & Dess, 1996, 2001). Firm level entrepreneurship emanates from the propensity of the business towards seeking the competitive edge in recognising and successfully exploiting opportunities (Davidsson, Delmar & Wiklund, 2002; Hitt & Ireland, 2002).

The concept of EO was first operationalised by Miller's (1983) definition of EO, as related to a company, "one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with proactive innovations, beating competitors to the punch" (Miller, 1983, p. 771). The three dimensions of risk-taking, innovativeness and pro-activeness were further developed by Covin and Slevin (1986; 1989) and transformed into measureable scales of EO know as the Miller/Covin and Slevin, (M/C&S) scale. There is wide consensus among researchers that the three dimensions combined can be accepted as EO (Wiklund, 1999), resulting in a vast number of studies, for example Covin and Slevin (1989), Kemelgor (2002), Wiklund and Shepherd (2005), Zahra and Garvis (2000) adopting Miller's (1983) three-dimensional EO model.

The three dimensional view by Covin and Slevin (1989) consisting of innovativeness, proactiveness and risk-taking and the five dimensional view by Lumpkin and Dess (1996) that adds autonomy and competitive aggressiveness to the three dimensions offered by Covin and Slevin (1989) is regarded as the two main conceptualisations of EO. However, the Covin and Slevin (1989) view is considered to be the most widely accepted conceptualisation in the literature (Wales, 2016).

In this study, the EO construct, as conceptualised by Miller (1983), was a three-dimensional composite, namely:

(1) Innovativeness (introducing novel products, processes and business models);
(2) Proactiveness (the active pursuit of new product/market gaps and looking for market leadership positions); and
(3) Risk taking (the propensity of top management to commit resources to speculative projects).

These must exist together for an EO to be manifested. The dimensions of EO are further explained in the sections that follow.

2.4.1 The dimensions of EO: Innovation

An important part of the entrepreneurial process, was first highlighted by Schumpeter (1942) through what he termed creative destruction, the disruptive process of radical innovation, which causes disruption in markets through innovative products and new services. Innovativeness, according to Dess and Lumpkin (2005), signifies the efforts undertaken by a firm to discover new and novel solutions and opportunities. It encompasses creativity and experimentation that leads to improved technological practices, and new products and services. Research has established a positive link between innovation and productivity (Hall et al., 2009). Similarly, findings reported that innovation positively impacts firm growth (Love & Roper, 2015).

2.4.2 The dimensions of EO: Risk-taking

The uncertainty that encompasses entrepreneurial behaviour is commonly described as risk-taking (Low & MacMillan, 1988; Lumpkin & Dess, 1996). The belief that higher risk may lead to higher rewards is what differentiates an entrepreneur from an employee (Brockhaus, 1980). The allocation of significant resources to an opportunity that may potentially fail is considered an entrepreneurial trait; as such, the entrepreneurial manager must be able to determine the appropriate path during times of uncertainty (Ricketts, 2006). Risk-taking in this regard needs to be calculated and well thought out, rather than uncontrolled and extreme (Morris, Kurutko & Covin, 2008). Risk-taking involves the willingness to act in uncertainty even without knowledge of the future or any guarantees of success. Unlike gambling, risk-taking consists of the methods applied by a firm to take calculated risks to gain a competitive advantage (Kaunda, 2012).

2.4.3 The dimensions of EO: Proactiveness

Proactiveness has to do with the anticipation of future events that may have an effect on the business, and refers to the efforts made in anticipation of new opportunities within new or existing markets (Entrialgo, Fernández, & Vázquez,

2000). Firms can gain a competitive advantage through foreseeing market changes, or by instigating changes in their environment (Lumpkin & Dess, 1996). Miller (1983) claimed that proactiveness is about being the first firm to introduce proactive innovations. Meaning that proactiveness requires a firm to lead its competitors by being the first to introduce new product and service offerings to the market, and initiating actions or events to which others must react. Initiating action to participate in new and emergent markets is a key aspect in entrepreneurship and thus makes proactiveness an essential dimension of EO (Lumpkin & Dess, 1996). Proactiveness is thus viewed as a firm's efforts to capture new opportunities, assess future requirements of customers, and anticipate problems and changes that may result in new business opportunities (Kaunda, 2012).

Numerous authors recommended EO as a way for firms to respond to dynamic environments and deal with the impact of constant technological change (Katila & Shane, 2005; Lumpkin & Dess, 1996; Miles, Covin & Heeley, 2000; Miller, 1988; Wiklund & Shepherd, 2005).

2.4.4 EO and performance

In research on EO and the performace of SMEs, Kaunda (2012) highlighted the value of moderators on the interaction between EO and business performance. In their review of literature Rauch et al. (2009) advocated that new moderating variables (MVs) should be used to examine variances in the EO / performance relationship. Key variables can improve performance and give a more precise account of a specific relationship (Kaunda, 2012). Moreno and Casillas (2008) explained in earlier research that performance indicators are the combined average of profitability and growth. Greater clarity of the factors that determine the level or EO within a particular context may assist government policy makers and firms (Mthanti, 2014). Literature revealed the positive impact that EO has on performance over time (Wiklund, 1999; Lumpkin & Dess, 1996; Wiklund & Shepherd, 2005; Becherer & Maurer, 1997); however, the relationship is not completely clear-cut (Hughes & Morgan, 2007) stemming from the perplexity that relates to the change of EO into firm growth (Lumpkin & Dess, 1996). EO is

widely discussed in the context of sustainability and firm growth, with numerous studies examining the impact of EO on firm performance, concluding that EO improves performance, which enables the growth of the firm (Moreno & Casillas, 2008).

2.4.5 EO and SME growth

The most significant outcome of EO is firm growth, according to Eshima and Anderson, (2016). The positive association that exists between EO and firm growth enjoys a widely held consensus in literature (Cassilas & Moreno, 2010; Covin & Slevin, 1991; Lumpkin & Dess, 1996; Moreno & Casillas, 2008; Wiklund & Shepherd, 2005). Entrepreneurial firms are enterprises willing to embrace the risk associated with their strategies' objectives to innovate and grow (Cassilas & Moreno, 2010; Covin & Miles, 1999).

In studying different business orientations and their impact on SME growth, Eggers et al. (2013) compared customer orientation (CO) and EO. The study interestingly observed that EO requires the firm to have sufficient financial means in order to be entrepreneurially orientated. It is further noted that a lack of financial means makes the firm more customer centred, and consequently exhibits CO, which without an EO has a negative impact on their growth. Therefore, is it recommended that during economic prosperity, SMEs should make provision for when the economic tide turns, to allow for the necessary financial requirements that can sustain their competitive advantage (Eggers et al., 2013). As such, Eshima and Anderson (2017) stated that EO encapsulates the entrepreneurial behaviours that lead to growth. Hence the argument by Miller (1983) that EO is the principal mechanism of firms that seek perpetual growth. Their findings concluded by confirming previous research findings that EO has a positive impact on firm growth, further highlighting that sustainable firm growth is seemingly impossible in the absence of EO.

Therefore, the following hypothesis arose:

Hypothesis 1: There is a positive relationship between EO (and its sub-dimensions) and SME growth.

2.5 Mentorship

In a previous study on SMEs, Matabooe, Venter & Rootman (2016) called for future studies to be conducted in the under-researched field of small business mentoring. Mentorship is described as the interaction that exists between an experienced individual focused on developing an inexperienced person (Eby, Butts, Durley, & Ragins, 2010). A mentor is regarded as an individual who helps another person to live up to their aspirations, as such the mentor serves as an example to the mentee of what he or she aspires to be *(*McKimm, Jollie, & Hatter, 2007). In a somewhat similar vein, entrepreneurial mentoring is considered a process whereby an experienced entrepreneur (mentor) guides an inexperienced entrepreneur (mentee) in developing his or her entrepreneurial skills and decision-making capabilities with the goal of supporting the mentee to reach his or her personal development goals (Eby et al., 2010). In other studies, mentoring is considered as the provision of professional skills and moral support to entrepreneurs as a way to positively impact on the sustainability of their businesses (Kram, 1988; Sullivan, 2000). The aforementioned definitions place huge emphasis on the interacting relationship between the mentor and mentee. The definition adopted for this study encapsulates the transfer of skills and knowledge, and emphasises the role of the mentor in assisting the mentee with recognising opportunities, enhancing the mentee's perception and intent. Krueger (2007) argued that organisational members respond better to advice from credible individuals, such as mentors.

Mentoring is an entrepreneurial act concentrating on creating and identifying opportunities (Engel et al., 2016) through a relationship in which an established entrepreneur transfers knowledge to a developing entrepreneur (St-Jean & Audet, 2009).

Mentoring has the ability to enhance the overall skills of entrepreneurs; according to Sithole (2017) who recommended that mentorship and entrepreneurial skills can be effectively implemented through the ED process. The failure of small businesses that are enrolled in mentorship programs represents an area of concern, considering the significance of mentoring on small businesses development in South Africa (NEF, 2014). A shortage of

business management skills is considered as a main contributing factor to the low levels of performance and high frequency with which SMEs fail, according to Adeniran and Johnston (2011). Mentors can be viewed as a critical resource to entrepreneurs (Cull, 2006) bearing in mind that many of the challenges faced by entrepreneurs can be resolved through support and advice, which often they cannot afford (Van de Sidje & Weijmans, 2013).

Entrepreneurs are increasingly seeking mentors to enhance their chances of success and to develop their competencies (St-Jean & Audet, 2009). While it is accepted that mentors aid entrepreneurship development and enrich the entrepreneur's proficiencies, it seems that few studies assessed the effectiveness of mentoring in attracting opportunities to the business. Gravells (2006) highlighted the importance of accessibility and involvement of the mentor within the mentoring process; however, Ozgen and Baron (2007) added that mentors improve the ability of entrepreneurs to recognise opportunities. It is important to remain cognisant of the fact that entrepreneurs at various stages of development will require different mentoring support, as such mentors must understand and be aware of the developmental needs required by their mentees (Memon, Rozan, Ismail, Uddin & Daud, 2015).

Fuentes, Arroyo, Bojica and Pérez (2010) asserted that entrepreneurs might be more inclined to pursue business opportunities through maintaining regular interaction and support through networks. The centrality of networks in the entrepreneurial process, with specific regard to opportunity seeking, is well recognised (St-Jean & Mitrano-Meda, 2016). The notion of opportunity recognition is central to entrepreneurship Shane and Venkataraman, (2000, cited in Urban, 2009). Urban (2009, p. 514) quoted Singh (2000, p. 11), who stated that an "entrepreneurial opportunity is a feasible, profit-seeking, potential venture that provides an innovative new product or service to the market, improves on an existing product/service, or imitates a profitable product/service in a less-than-saturated market". Mentoring has become increasingly more important to entrepreneurs; Sithole (2017) proposed mentoring as a way to manage risk for entrepreneurs, through access to guidance and advice received in either structured or unstructured mentorship programmes, which emphasises

the tremendous impact that mentorship can have in fostering entrepreneurship in developing countries. The mentoring process similarly exists in an informal or formal manner. Through the formal process, the deliberate pairing of experience with inexperience in an attempt to grow and develop the competency levels of the inexperienced person is observed. Interestingly, St-Jean and Mitrano-Meda (2016) found that mentors in formal support programs have a pronounced influence on the identification of opportunities. The study found that mentors play a huge role as business opportunity brokers and enablers (St-Jean & Mitrano-Meda, 2016). Opportunity recognition is considered a necessary condition for the presence of EO (Eshima & Anderson, 2017). It is therefore not surprising that knowledge transfer between the mentor and the mentee in vigorous mentoring programmes is known to increase entrepreneurial performance (Chebii, Bwisa & Sakwa, 2016). Furthermore, Thompson and Downing (2007) recognise the personal growth of entrepreneurs through the mentoring process, whereas St-Jean and Audet (2009) highlighted opportunity identification as a key outcome of the entrepreneurial process. Recognising, however, that an empathetic approach by the mentor is crucial in building trust and credibility, which will make the mentee more receptive and open to the advice offered by the mentor (St-Jean & Audet, 2009). Hence, the positive impact of mentorship continues to enhance and develop individuals and SMEs (Moore & Wang, 2017). As such, the success of the mentor-mentee relationship is largely dependent on the relationship between the two.

2.5.1 Mentorship and the dimensions of EO

The mentoring relationship is focused on growing the expertise and capabilities of the entrepreneur (Audet & Couteret, 2012). There are a number of critical issues for SMEs, apart from their daily operations, poor financial planning and a shortage of managerial skills, SME owners also lack strategic decision-making capabilities (McKevitt & Marshall, 2015) notwithstanding that earlier research by Gray and Mabey (2005) put forth mentorship as a mechanism of dealing with the challenges faced by SME owners.

As such, the research puts forth the three general functions of mentoring, which according to Moore & Wang (2017) play an important role in innovative thinking and risk-taking: (1) vocational support (coaching), (2) psychosocial support (encouraging) and (3) role modelling (demonstrating), based on research conducted by Scandura and Ragins (1993) and Sosik and Godshalk (2000).

Therefore, SMEs that wish to be innovative need to empower their members to expand their opportunity recognition capabilities, while attempting to minimise those factors that inhibit opportunity-seeking intentions (Krueger, 2007). Interestingly, Moore and Wang, (2017) observed that although mentoring is regarded as a contemporary management innovation, it dates back all the way back to ancient Greek times. Furthermore, its effectiveness in transferring entrepreneurial attributes is recognised by researchers (St-Jean & Mitrano-Meda, 2016; Wilbanks, 2013).

In relation to the dimension of proactiveness, mentors are viewed to have a positive impact on their mentees (Wang, Hu, Hurst & Yang, 2014). The ability of the mentor to be proactive in how they engage and assess the mentee holds significant developmental benefits for the mentee and his or her business. The realisation that proactiveness is about making things happen, seizing opportunities, and the anticipation of problems in order to mitigate risk, prompted Parker, Bindl and Strauss (2010) to recommend that proactivity research should be incorporated into entrepreneurship and innovation studies. Furthermore, Rosenbusch, Rauch and Bausch (2013) considered proactiveness as an essential factor to SMEs in the opportunity recognition process. In studying the effects that mentorship has on senior executives and entrepreneurs, Moore and Wang (2017) concluded that mentoring positively relates to the innovativeness of the organisation. On a cautionary note, the potential challenge for SMEs, which derives from the risk associated with innovation, is highlighted in previous research on SME growth (Robinson & Stubberud, 2014). Notwithstanding, an important aspect of mentorship revolves around the mentor's ability to highlight the risks associated with opportunities.

2.5.2 Mentorship and SME growth

Earlier studies highlighted that EO positively influences growth (Casillas & Moreno, 2010; Covin, Green, & Slevin, 2006; Wang & Altinay, 2012). Importantly, these findings suggest that innovative firms, which proactively seek new opportunities and take risks, are most likely to grow. Similarly, research on mentorship highlights the relationship between a mentor and a mentee as critically important to the development of entrepreneurs (St-Jean & Mitrano-Meda, 2016). In a study conducted on the mentor-mentee relationship, Ozgen and Baron (2007) stated that entrepreneurial mentors increase the opportunity recognition capability of the mentee. Research affirms the relevance of entrepreneurial mentors on SME growth while further emphasising its significance to ED (Kelley et al. 2012). This research therefore argued that mentors were critical to the development of entrepreneurs, aiding them in identifying and exploiting opportunities that lead to the growth of their enterprises. Furthermore, the presence of a mentor supports entrepreneurs to grow and develop their enterprises, which can be considered a critical factor to the successful implementation of ED (St-Jean & Mitrano-Meda, 2016). In their study on EO and growth, Casillas and Moreno (2010) introduced MVs between the respective dimensions of EO and firm growth. Mentorship plays as an integral part in entrepreneurial development, with particular reference to opportunity identification and exploitation (St-Jean & Mitrano-Meda 2016; Wilbanks, 2013).

Mentoring should be based on the specific needs of SMEs and their top leaders within the organisational structure. Hence, the call for further investigation into the aspects that can provide greater support to entrepreneurs (Moore & Wang, 2017).

As mentors are most often successful and well accomplished entrepreneurs, their valuable insights and experience are critically important in developing successful entrepreneurs; especially, considering the positive impact of mentorship on the entrepreneurial performance of SMEs through ED (Sithole, 2017). The abovementioned recommendations of introducing a MV served as

motivation for the introduction, in this study, of mentorship as a MV in assessing the impact of EO on SME growth in South Africa.

As such, the following hypothesis arose:

Hypothesis 2: Mentorship positively moderates the relationship between EO and the growth of SMEs.

2.6 Conclusion of Literature Review

The association between EO and growth are generally accepted as being positively related (Casillas & Moreno, 2010). Traditionally, EO studies focused on EO-performance relations with an overwhelming amount of research supporting a positive relationship (Covin & Slevin 1991; Lumpkin & Dess 1996; Wiklund & Shepherd 2005). In their study on EO and growth, Casillas and Moreno (2010) introduced MVs between the respective dimensions of EO and firm growth. Mentorship was acknowledged as central to entrepreneurial development, particularly with regard to the pursuit of opportunity (St-& Mitrano-Meda, 2017; Wilbanks, 2013).

The literature argued that ED is concerned with the growth of enterprises, especially SMEs that are going through a developmental phase. The successful implementation of ED is dependent on the interplay between government and the private sector. As part of this process of development, the literature emphasises the significant contribution of incubation programs to ensure the successful implementation of ED. In the context of the developing firm, support mechanisms through ED, which focus on both financial and non-financial support, underpins the process of the enterprise life cycle.

Growth is considered multi-dimensional, occurring over time and influenced by factors that are both inside and outside the firm. In an attempt to consolidate the evolutionary process of enterprise growth, this research consolidated the divergent views around the enterprise life cycle that exist in the literary discourse. Agreement exists around the notion that, entrepreneurial firms tend to grow more rapidly than their more conservative counterparts, as such this

research posits that EO is essential to the successful development of SMEs participating in ED. Furthermore, the role of mentors in the entrepreneurial journey of entrepreneurs is considered a key aspect of SME growth.

2.6.1 Conceptual framework

This research posited the conceptual framework (Figure 2), which demonstrates the hypotheses that facilitated the investigation and responded to the research questions.

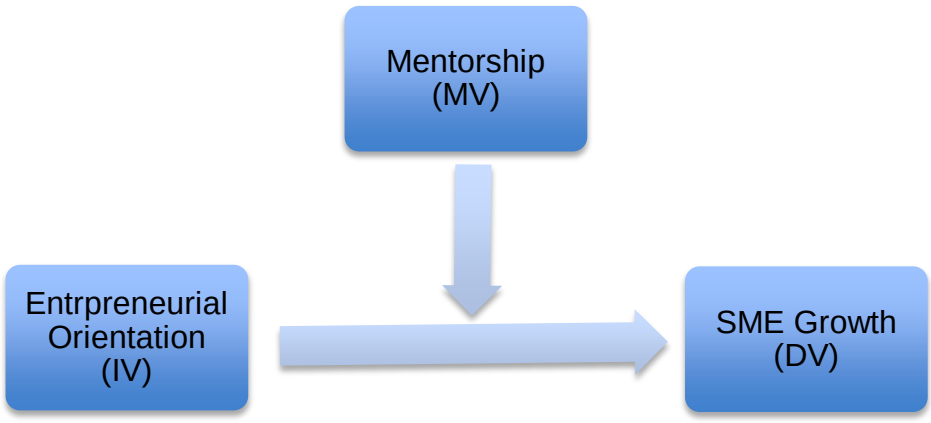


Figure 2: Conceptual framework

The following hypotheses were tested empirically.

2.6.2 Hypothesis 1

There is a positive relationship between EO (and its sub-dimensions) and SME growth.

2.6.3 Hypothesis 2

Mentorship positively moderates the relationship between EO and the growth of SMEs.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter details the research methodology, which includes the research methodology/paradigm, research design, the sampling population, research instrument, data collection and interpretation methods used in this study.

It further looks at the validity and reliability of the study, and the limitations and ethical consideration of the study.

3.1 Research Methodology / Paradigm

The two popular research paradigms are positivism and post-positivism (also referred to as post-modernism). Positivism differs from post-positivism in that it relies on theories that can be directly tested. The epistemology of this study is positivist, which focuses on explaining and predicting casual relationships between variables and constructs (Cohen, Manion & Morrison, 2013).

The positivist paradigmatic approach is considered in instances where the intention is to predict reality in the social world through a set of predetermined variables and constructs. Additionally, it adopts traditional approaches of natural science to comprehend, evaluate, and analyse the interrelationships among variables and constructs (Cohen, Manion & Morrison, 2013).

Positivist research uses predominantly the quantitative research technique (Bhattacherjee, 2012). This quantitative study used structured research instruments to evaluate the relationship between EO and SME growth as moderated by mentorship. The literature review highlights previous research studies, which formed the basis of this study.

Lastly, positivists assume that the reality in a social world and its subsequent meaning may be identified, explored, measured and analysed using the various approaches of natural science (Cohen et al., 2013). The ontological perspective is an objectivist one, in which the reality or observations in the social world are independent of the researcher (Cohen et al., 2013; Cooper & Schindler, 2014).

The least complicated and the most accurate probability sampling strategy is simple random sampling also known as random sampling. It is considered the most popular method of extracting a sample from a population and can be applied to a broad range of purposes. The simple sampling method ensures that the entire population has an equal chance to form part of the chosen sample. Random sampling methods reduce the likelihood of researcher bias more accurately than other sampling techniques. Notwithstanding, there is a difficulty in applying the random sampling methods, as it requires a large sample size with a compliment of the applicable population members (Hair et al., 2010).

This study followed a quantitative method, obtaining data through completed structured questionnaires. This method was utilised to test theory and to answer questions relating to the relationship between EO as a dependent variable (DV), firm growth as the independent variable (IV), and mentorship as the MV. This approach was deemed appropriate for this research as it sought to test the formulated hypotheses generated from the constructed theories (Creswell, 2015). The development of hypotheses from existing literature, which was based on theories of EO; venture growth, mentorship, and opportunity recognition behaviour, determined the predictive power of the various constructs. Congruent with the goal of this study, a quantitative approach was implemented due to its high credibility, as recommended by Onwuegbuzie, Johnson & Collins (2011).

3.2 Research Design

The quantitative research design, applying a cross-sectional approach, captures a particular moment in time (Cooper & Schindler, 2014). The relationship between the IVs, DVs and MVs was tested using primary survey data. The quantitative methods employed had been used previously in similar studies (Covin & Slevin, 1991; Lumpkin & Dess, 1996; St-Jean & Mitrano-Meda, 2016; Wiklund & Shepherd, 2005; Wilbanks, 2013).

3.3 Population and Sample

3.3.1 Population

The sample was taken from the complete population (Cooper & Schindler, 2014). The total population for this study was all SMEs in South Africa that participate in ED initiatives across various sectors. The research was not restricted to a specific sector, due to the delicate nature of the study and the specific sample required.

3.3.2 Sample and sampling method

A convenience sampling method was adopted for this study; a non-probability sample, used when the sample is drawn from a convenient, readily available population (Bhattacherjee, 2012). The study planned to reach approximately 5 000 respondents through an online questionnaire, however it hoped to obtain 200 completed questionnaires for analyses, yielding a conservative four per cent response rate.

A population is the general sum of components about which findings or theories can be made (Cooper & Schindler, 2014; Field, 2009). The unit of analysis of this research study was SMEs participating in ED across various industries throughout South Africa.

The managers of different ED agencies were contacted for assistance and access to their respective databases. Attaining access to SME databases remained a challenge as not all organisations and institutions were supportive and willing to assist. Fortunately, those companies who allowed access encouraged their entrepreneurs to participate in the research, significantly contributing to the number of participants. A tremendous amount of time was spent sending follow-up emails and making phone calls to a list of entrepreneurs across the country.

The target population was owners, shareholders, directors, and/or managers of SMEs in South Africa. General workers were excluded from completing the

structured questionnaires because they would not be able to provide adequate, reliable and credible answers to the questions posed, thus compromising the validity of the research results and increasing measurement error (Thindisa, 2014).

A national random sample of the target population was used. The target sample was SMEs, based on the Small Enterprise Development Agency (SEDA) classification (www.seda.org.za): firms with total number of employees ranging between small (0 to 50) and medium (51 to 200). The industry sector classification method was based on the Standard Industrial Classification (SIC). The original sample population was culled from the SEDA database, where SMEs from across South Africa were listed. In addition, a list of SMEs, which formed part of Eskom ED was accessed. Further samples were drawn from various ED companies and institutions dealing with SMEs operating in the nine provinces of South Africa. In addition, the researcher made use of personal networks to bolster the sample. Lastly, ED beneficiaries of corporate companies and a number of incubators nationwide were accessed. The sample population accessed was estimated at between 2 500 and 3 000 SMEs across the country.

A large sample would reduce the probability of small sampling error (Cooper & Schindler, 2014; Field, 2009). Literature indicates that once the sample size reaches a certain level the saturation point is reached (Cooper & Schindler, 2014; Field, 2009). Therefore, attainment of statistical control was a consideration.

Ultimately the return rate was much lower than initially anticipated, with over 2500 send out via Qualtrics (2018) either directly or through an intermediary at the various organisations. Eventually, 305 responses were obtained, with a final number of 215 completed questionnaires representing the SME, formed the unit of analysis.

The process of data collection was undoubtedly the toughest and most strenuous part of the research project. Cooperation from organisations greatly assisted during this process, although there was a sense that entrepreneurs were very reluctant to spend the 20 minutes required to complete the survey.

Extra motivation, encouragement and continuous reminders positively affected their responses. It is noted in literature that uncooperative respondents leads to a lower response rate (Cooper & Schindler, 2014; Field, 2009).

3.4 The Research Instrument

The research instrument (see Appendix A) was administered to owners/entrepreneurs and senior managers of SMEs to collect primary data. The research instruments were developed to collect data on the level of EO, SME growth, and the role of the mentor in moderating the relationship between EO and SME growth. Furthermore, it made provision for demographics, which allow for a more holistic view of the respondents.

In measuring EO, the M/C&S scale items were adapted to provide reliability and are widely used in empirical studies testing for EO (Anderson et al., 2015). SME growth in previous studies has been calibrated as a multidimensional composite of sales, assets and employee growth (Achtenhagen et al., 2010; Neneh & Van Zyl, 2014). The growth measurement instrument adopted for this study was a multi-item scale measuring the direct indicators of growth (Dlamini, 2016). Mentorship was measured using the opportunity recognition behaviour (ORB) scale developed by Urban (2009), and Urban and Wood (2015), which was adopted for the context of this study.

The abovementioned scales use measurement items on a seven-point Likert-type scale, asking respondents for their perceived rating on the items. The Likert scale developed by Rensis Likert is considered a popular rating scale (Bhattacherjee, 2012).

3.5 Procedure for Data Collection

The link to the online questionnaire survey was mailed to entrepreneurs and administrators of the various ED programs. They distributed the questionnaire to their respective ED beneficiaries as well as monitored the completion thereof. This process ensured greater co-operation from the respondents. The Qualtrics (2018) Software program was used to distribute the questionnaire. Follow up

emails were sent on a weekly basis to solicit further responses. The emails were followed up with telephone calls in cases where responses were slow. This data collection was done during the period stated in the timetable.

Table 1: Research timetable

	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Nov/Dec 2017	Jan 2018	Feb 2018
Finalise proposal							
Gain approval							
Gather data							
Do data analysis							
Write report							
Finalise report							

3.6 Data Analysis and Interpretation

3.6.1 Data transformation and cleaning

The following steps were taken to transform and clean data:

(1) Downloaded raw data from Qualtrics (2018) portal in .csv format.
(2) Removed html tags and Qualtrics (2018) meta data (e.g. date survey was completed).
(3) Imported data into SPSS (n.d.) and converted .csv file into .sav file.
(4) Utilised the ‘Transform’ function in SPSS (n.d.) to code the data.
(5) Removed lines of data that had no responses on them.

This was followed by missing value analysis, where the data with missing values were removed. The data was then coded, where the Likert scale questions were coded such that ‘strongly disagree’ equals one, and ‘strongly agree’ equals seven.

In assessing the properties of the data and the level of EO among participants, descriptive statistics were performed. Descriptive analysis refers to statistically

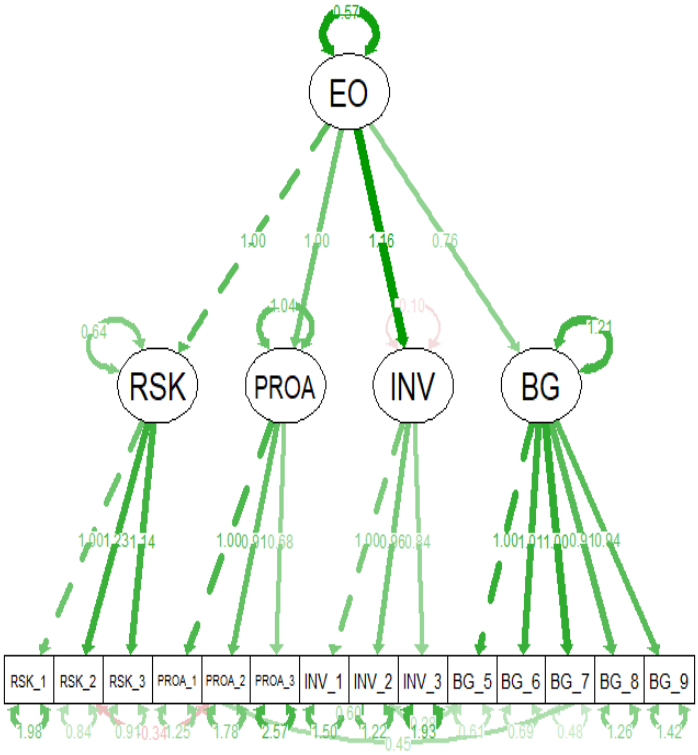
presenting and describing the association between the constructs of interest (Bhattacherjee, 2012).

The collected data were analysed on the SPSS (n.d.) statistical software. For assessing the relationship between EO, SME growth, and mentorship, correlation analysis were examined. Correlation coefficients revealed the magnitude and direction of relationships, providing information on how the variables move in relation to each other. In order to assess the predictive power of EO on SME growth and the moderating effect of mentorship, multivariate regressions were performed. Regression analysis is conducted to estimate the regression coefficients (Bhattacherjee, 2012).

Confirmatory factor analysis (CFA) was used to test a three-factor model of EO as already discussed, EO can be meaningfully separated into at least three distinct factors: innovativeness, proactiveness and risk-taking.

To measure risk-taking, RSK_1, RSK_2, and RSK_3 were used. To measure proactiveness, PROA_1, PROA_2 and PROA_3 were used and INV_1, INV_2 and INV_3 were used for innovativeness. The model is represented in Figure 3. The regression models were calibrated using lavaan version 0.5-23 in R version 3.3.2 using maximum likelihood estimation, with full information maximum likelihood (FIML) for the missing data (Rosseel, 2012). The latent factors were standardised, allowing free estimation of all factor loadings. Path analysis, a causal model comparison procedure was conducted. The model predicts regression weight that shows the extent of causation as indicated by the direction of the interlinking arrows while double-headed arrows show the covariance between the two variables' constructs. The model has to sufficiently fit thus it is paramount that the goodness of fit statistic be calculated.

The estimation method used to predict the path was the maximum likelihood method. In a CFA, there are two types of variables, exogenous and endogenous variables: the path coefficient is among the critical ratios to ascertain the sufficiency of a model. Standardised regression coefficients give an indication of the extent of direct effect of an IV on a DV in the path model (Hair et al., 2010).



Note: Entrepreneurial Orientation (EO); Risk-taking (RSK); Proactiveness (PROA); Innovation (INV); Business Growth (BG)

Figure 3: Model tested

3.7 Validity and Reliability

There are various types of validity tests, this study measured internal and external validity. Validity tests assess the level to which the research measures the intended measurement.

The research sought first to ascertain the sufficiency of the data for CFA, a multivariate statistical technique that serves to test how well the measured variables represent the constructs, i.e. one of the most widely used models is the CFA (Hair et al., 2010). It specifies how a set of observed variables are related to some underlying latent factor or factors. In this study, the research sought to confirm whether the 27-question instrument sufficiently represented the constructs given in the literature.

3.7.1 External validity

External validity of the research findings is the data's ability to be generalised across persons, settings and times (Blumberg, Cooper & Schindler, 2008). Limited by the use of convenient sampling methodology, the ability to make generalisations across the population of SMEs participating in ED across South Africa was noted with caution. In order to perform statistical inferences, attempts were made to sample respondents from a variety of ED programs throughout South Africa.

3.7.2 Internal validity

Internal validity examines if the change in the DV is caused by change in the IV (Bhattacherjee, 2012). Construct validity is the extent to which items in the constructs measure what the research intends to measure. Tried and tested scales obtained from prior studies improved validity. Construct validity was evaluated by using factor analysis.

3.7.3 Reliability

Reliability tests determine the accuracy and precision of measurement scales, the consistency with which a construct is measured (Bhattacherjee, 2012). The research scales used for this study have been tested and were considered reliable. Similar tests of internal consistency use Cronbach's alpha, inter-item correlation, and item-to-total correlation (Blumberg et al., 2008).

AMOS is a module of SPSS (n.d.), which was used to determine significance and goodness of fit. The statistics used to determine the goodness of fit are as follows:

Chi-square statistics: This test shows the amount of variance in both the expected and observed covariance matrices. The closer to zero in the chi-square test, the smaller the difference between covariance matrices (Hair et al., 2010).

Root Mean Square Error of Approximation (RMSEA): An absolute fit index using 90 per cent confidence interval for RMSEA should be less than 0.08 for a goodness of fit model. Values for the RMSEA, ranging from zero to one, with a better model fit reflected with a lesser RMSEA value. An RMSEA value of 0.06 or below indicates an acceptable model fit (Hu & Bentler, 1999).

Comparative Fit Index (CFI): is equal to the inconsistency function attuned for sample size. The larger the value in the CFA range between one and zero, the better the model fit. The satisfactory CFI value of 0.90 or above indicates an acceptable model fit (Hu & Bentler, 1999).

GFI, NNFI, TLI, RFI and *AGFI* are some incremental fit indices, which should be greater than 0.90 for a goodness of fit model.

Modification Indices (MI): The larger the MI, the more arrows will be added to the model, which will improve the model fit. If model fit is sufficient, the parameter estimates are analysed for completeness. Standardised parameter estimates are transformations of unstandardised estimates that remove scaling and can be used for informal comparisons of parameters throughout the model. Standardised estimates correspond to effect-size estimates.

In the event of an undesirable model fit, the model could be re-evaluated with meaningful modifications. The adjustment of a specified and estimated model through either freeing or fixing of parameters is known as model modification. The Lagrange multiplier test accounts for the change in chi-square result if fixed parameters are freed, whereas the Wald test indicates the amount of change if free parameters are fixed (Hoyle, 1995).

3.8 Regression Analysis

3.8.1 Hypothesis 1

$H1_0$: There is no relationship between EO and SME growth.
$H1_1$: There is a positive relationship between EO and SME growth.

The assumptions of regressions are as follows:

(1) A linear relationship exists between the dependent and IVs (Pearson's correlation);
(2) There should be independence of observations;
(3) There should be no significant outliers;
(4) Data needs to show homoscedasticity; and
(5) Residuals (errors) of the regression line should be approximately normally distributed.

To test Hypothesis 1: there exists a relationship between EO and business growth (BG), a hierarchical multiple regression analysis was conducted. One IV, EO was considered: the variable explained a significant portion of the variance in BG. To achieve this, the variables were introduced into the regression model where the DV was BG and the IV was EO. The explanatory predictor variable (EO), was placed in block 1, using the enter method for regression in SPSS (n.d.). The statistics for the regression included: model fit, R-squared change, confidence intervals, estimates, descriptives, and collinearity diagnostics (Field, 2008).

3.8.2 Hypothesis 2 – Moderation

$H2_0$: The relationship between EO and BG is not moderated by mentorship

$H2_1$: The relationship between EO and BG is moderated by mentorship

The assumptions of regressions are as follows

(1) A linear relationship exists between the dependent and IVs (Pearson's correlation);
(2) There should be independence of observations;
(3) There should be no significant outliers;
(4) Data needs to show homoscedasticity; and
(5) Residuals (errors) of the regression line should be approximately normally distributed.

To test Hypothesis 2: ORB moderates the relationship between EO and BG, a hierarchical multiple regression analysis was conducted. The initial step saw the

inclusion of one variable: EO, the variable was responsible for a significant sum of variance in BG, $R^2 = .274$, $F(2, 215) = 39.946$, $p < .001$.

An enhancing effect was observed upon examination of the interaction plot, as EO increased, BG increased. The rate of increase was uniform across EO levels as ORB increases. At low ORB, the high EO respondents had the highest BG and continued to do so across ORB levels. The least BG was that of entrepreneurs who had low EO and scored low on mentorship (ORB). Hierarchical multiple regression was conducted to evaluate the effects of a MV. The interaction effect between EO and ORB was used to evaluate the moderation, and to determine the significance of the effect in predicting BG.

A moderation effect could be one of the following:

a) *Enhancing:* Increasing the moderator would show a greater effect of the predictor (IV) on the outcome (DV);
b) *Buffering:* An increasing in the moderator would lower the effect of the predictor on the outcome; or
c) *Antagonistic:* The predictor's effect on the outcome would be reversed if there was an increase in the moderator (Hair et al., 2010).

3.8.3 Steps in testing moderation

In determining the moderating effect of the third variable interaction between EO and BG, it was shown that the changes in the values of the MV and ORB alters the relationship between EO and BG. The inclusion of the interaction effect into the model was done to determine the actual significance of the interaction in explaining the variation in the response variable.

The following steps were followed:

(1) All variables were standardised to allow for easier interpretations and the avoidance of multicollinearity;
(2) A regression model, which predicts the outcome variable BG from both the predictor variable EO and the moderator variable ORB was fitted; both effects and the overall model (R^2) were significant; and

(3) The interaction effect was added to the previous model to check whether a significant effect in the change R^2 was caused by the inclusion.

For moderation to occur both need to be significant.

Complete moderation has occurred if both the predictor and moderator were insignificant with the inclusion of the interaction term.

Moderation has occurred with the main effects also being significant if the predictor and the moderator were significant with the introduction of the interaction term.

3.9 Limitations of the Study

The study was a cross-sectional quantitative survey and therefore causal relationships cannot be determined. The study does not quantitatively test the findings or make any comparisons with other industry studies. The inability of the researcher to assess and probe the reasons informing the results could be viewed as another limitation of this study (Segal, Borgia, & Schoenfeld, 2005). The incorrect measurement of variables as well as having an incorrect sample of observations may result in errors and compromise the study (Lee, 2015). The constructs in this study have been adopted from literature and been shown to have measured the relevant variables.

3.10 Ethical Considerations

The ethical considerations are of fundamental importance. Voluntary participation was guaranteed to all participants and strict confidentiality applied to all information provided. Attached in Appendix B is the cover letter and consent form. The latter explains the relevance and impact of the study and requires a mandatory signature to confirm the voluntary participation prior to the completion of the questionnaire. No identifiable information, such as the name of company or the respondent, was required thus ensuring and guaranteeing the privacy of all respondents. All participants were provided with a copy of the

Wits Business School ethics clearance. The data collected are kept for five years should any additional analysis be required.

3.11 Conclusion

This chapter focused on all the research methods implemented during this study. Quantitative research methods, based on a positivism research paradigm, formed the basis of this study. An online survey was used for the data collection procedure. The interpretation and analysis of the data involved descriptive analysis, correlation analysis, CFA, and multiple regression analysis. The data was captured and coded in excel before being imported into the SPSS (n.d.) software for analysis. The instruments scales were tested for reliability using Cronbach's alpha coefficient.

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the results of the study based on the data and methodology as detailed in the previous chapter. To aid the presentation and interpretation, tables and graphs are included.

First, an analysis of the demographic characteristics of the respondents is described with respect to profiles of the respondents and the companies represented. Second, to assess the data thoroughly, the descriptive statistics of the constructs are presented and analysed in terms of their characteristics and distributions of the variables. Third, the measurement aspects of the model are expounded. The constructs are evaluated in terms of their psychometric properties, focusing on the analysis of internal consistency, reliability, and validity. Finally, the structural aspects of the model are presented based on the result of the multivariate regression analysis in line with the hypotheses that have been put forward.

4.2 Descriptive Statistics

4.2.1 Sample characteristics

Questionnaires were conveniently emailed via the Qualtrics (2018) portal to ED practitioners and institutions in South Africa, who distributed them to their member companies and communities of entrepreneurs according to the criteria discussed in Chapter 3.

Hair et al. (2010) recommends sample sizes greater than 100 to conduct multiple regression analysis, and therefore the usable responses (212) comprised a sufficient sample size.

4.2.2 Incubation, ED and mentorship

Over half of the respondents (53 per cent) participated in an incubation program, as seen in Figure 4, and 60 per cent were beneficiaries of ED programs (Figure 5). Almost 70 per cent of respondents had a business mentor (Figure 6).

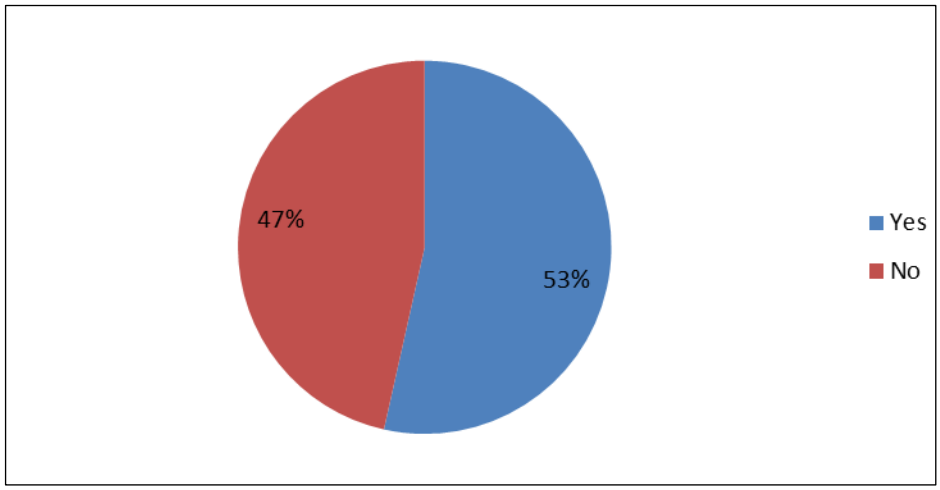


Figure 4: Incubation program

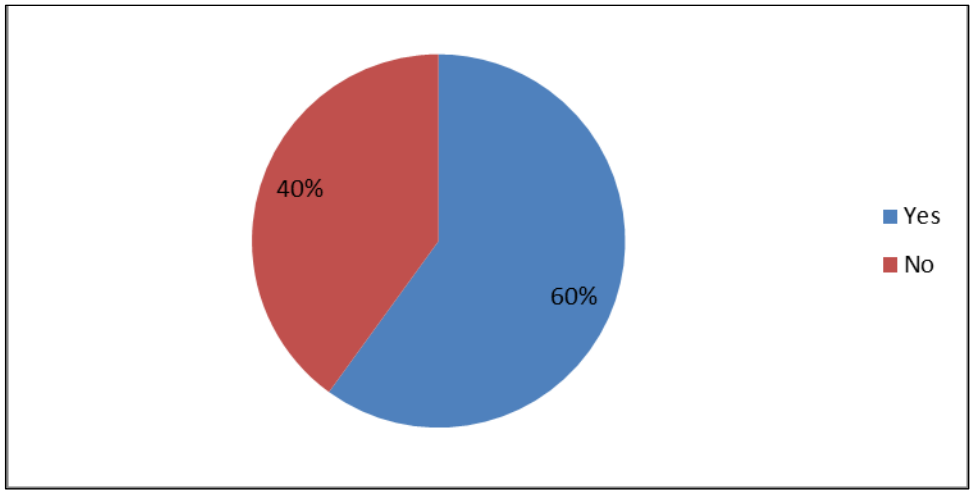


Figure 5: ED program

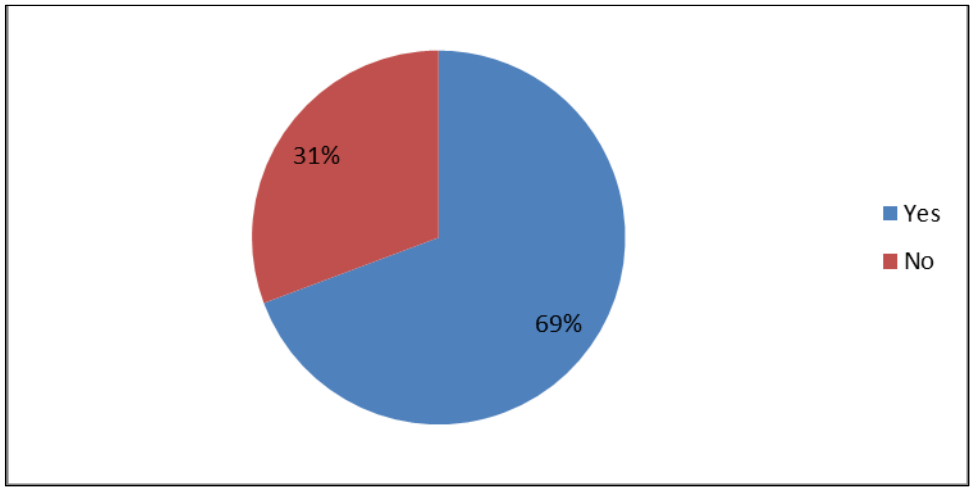


Figure 6: Business mentor

4.3 Demographic Profile of Respondents

4.3.1 Company position

A cumulative 85.6 per cent of respondents were in management positions or above, with a breakdown of 62.3 per cent ownership, and 7.9 per cent management. A moderate number of responses (13.5 per cent) were from employees, and only (0.9 per cent) did not specify their position in the company.

The respondent characteristics in terms of company position are presented in Figure 7.

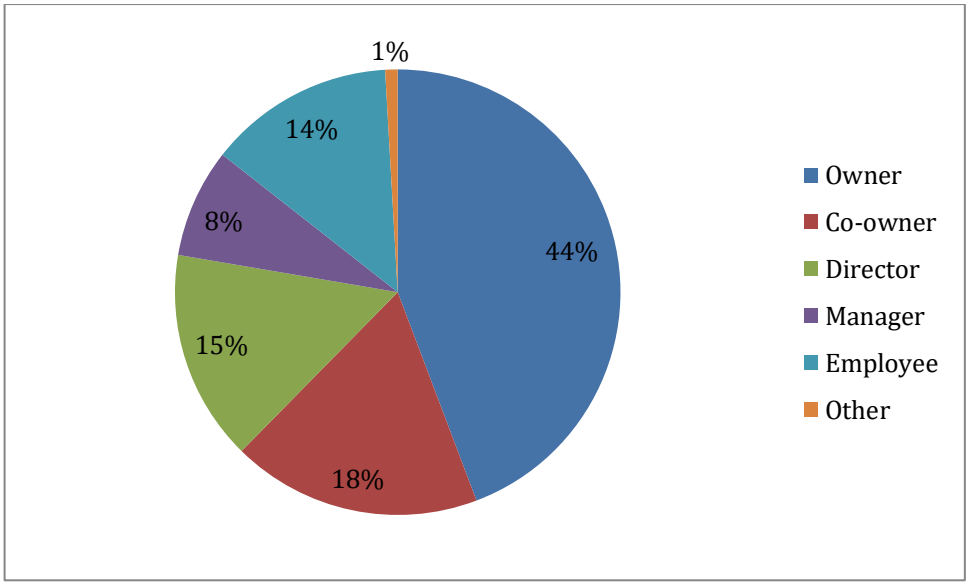


Figure 7: Company position

4.3.2 Age

The majority of the respondents, (38 per cent) were aged between 36 and 45 years; while, almost a third (29 per cent) were aged over 45 years. The youth (aged 35 years or less) constituted one-third (33 per cent) of the responses. The respondent characteristics in terms of age are presented in Figure 8.

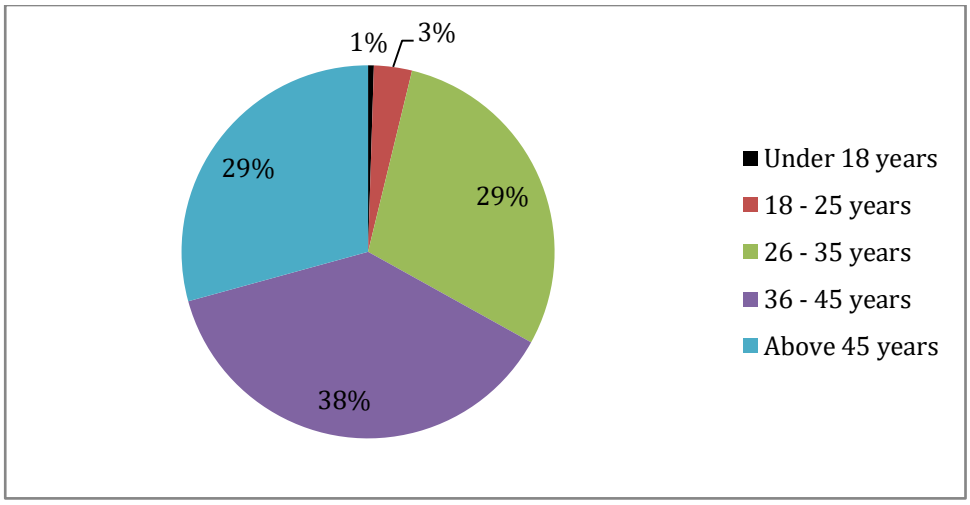


Figure 8: Age categories

4.4 Demographic Profile of Companies

4.4.1 Size

Almost three quarters (74 per cent) of the respondent companies had a turnover below R5 million. Companies in the R5 million to R50 million turnover bracket constituted over one fifth of the respondents (22 per cent). Only three per cent of the companies generated over R50 million in annual turnover.

Approximately 90 per cent of the companies had less than 50 employees, while only 3.3 per cent had 150 or more employees. The rest of the companies (7 per cent) had between 50 and 149 employees.

The annual turnover split among the companies and the numbers of employees are represented in in Figures 9 and 10 respectively.

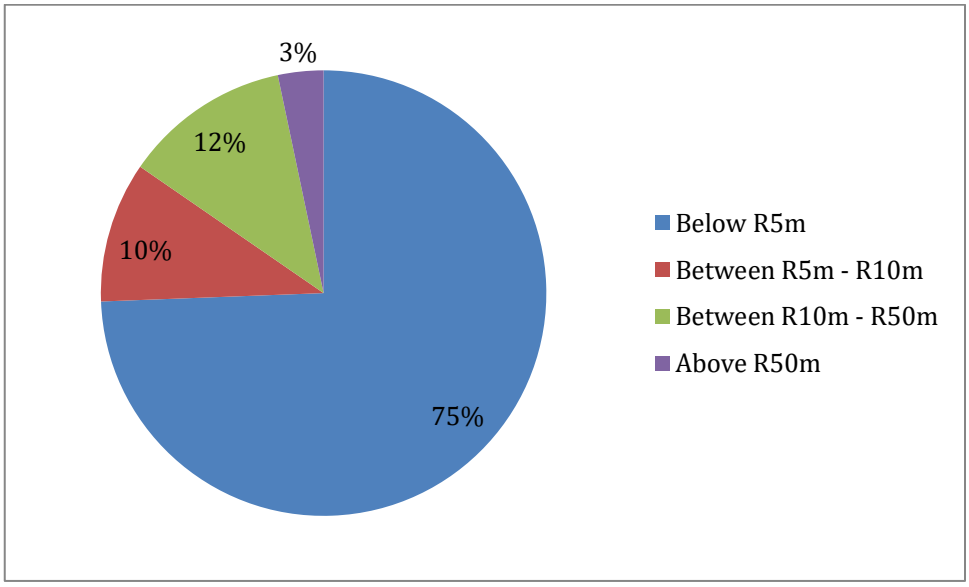


Figure 9: Annual turnover

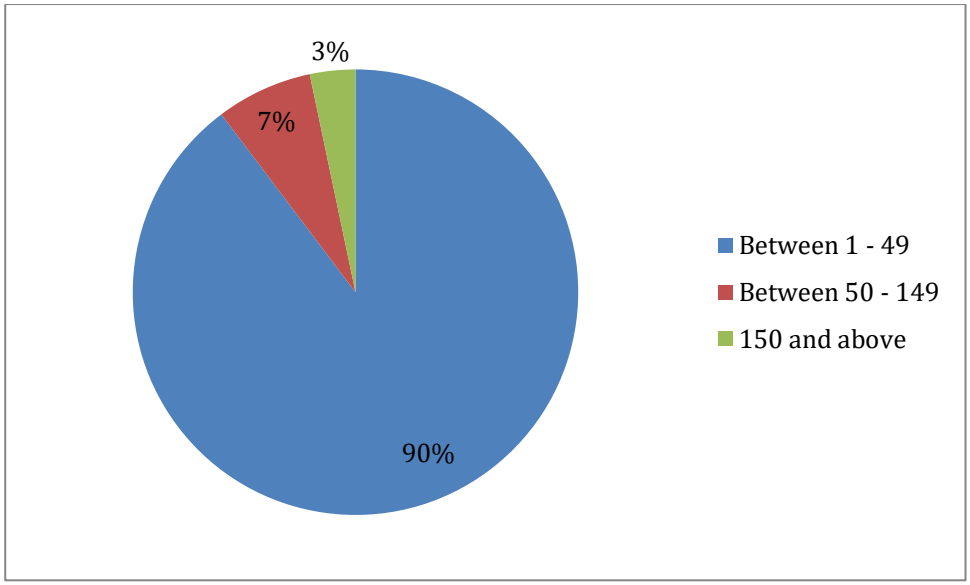


Figure 10: Employee numbers

4.4.2 Industry

A significant proportion of respondents were drawn from agriculture (16 per cent), manufacturing (12 per cent), information and communications technology (nine per cent), while mining (five per cent) and food and accommodation (4.7 per cent) were also represented. The rest of the respondents were spread across other industries.

The industry representations are presented in Figure 11.

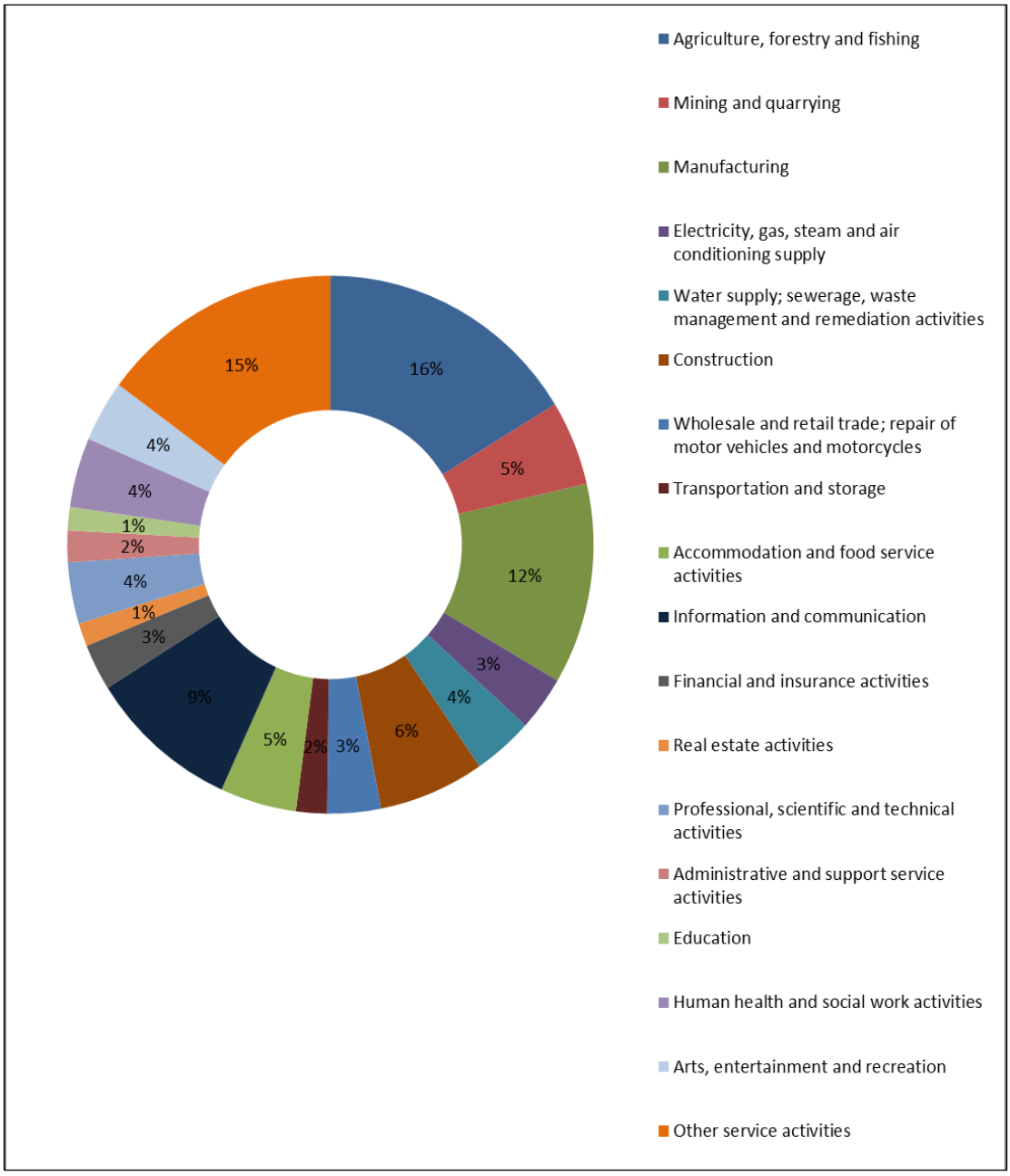


Figure 11: Industry

4.5 Correlation Analysis

The correlation analysis focused on the IV, EO and its sub-dimensions (namely, risk-taking, proactiveness, and innovativeness) and the DV, BG. There was a moderate positive linear correlation between EO and growth (0.46); EO and mentorship (0.33); growth and mentorship (0.39). EO and its sub-dimensions are strongly related, with correlations above 0.7. All correlations were statistically significant ($p < .005$), as seen in Table 2.

Table 2: Pearson correlations

	Risk-taking	Proactive-ness	Innovative-ness	EO	Growth	Mentor-ship
Risk-taking	1.00					
Proactiveness	0.31	1.00				
Innovativeness	0.47	0.35	1.00			
EO	0.79	0.74	0.76	1.00		
Growth	0.29	0.34	0.44	0.46	1.00	
Mentorship	0.28	0.22	0.25	0.33	0.39	1.00

The descriptive statistics of the variables and constructs measured in the questionnaire is presented in Table 3. The questions were based on a seven-point Likert scale, which ranged from one equalling strongly disagree to seven equalling strongly agree. The analysis revealed that the means of the responses are above the Likert scale midpoint of four for all measurement scales. At a construct level, mentorship had the highest mean (5.02) followed by growth (4.86) and lastly EO (4.70). The mean and the median are similar for all constructs, indicating that skewness was not an issue. Mentorship also had the highest standard deviation (1.27) indicating the spread of the data around the mean. At the level of the sub-dimensions of EO, innovativeness had the highest mean (5.24) whereas proactiveness had the highest standard deviation (1.34). The skewness index (SI) for all the scales and subscales were <0, indicating a left skewed distribution, however it was not considered severe based on the criterion of -3 (Field, 2013). All the Kurtosis indices (KI) were <3, indicating that the distribution was a Platykurtic distribution, i.e. flatter than a normal distribution (Field, 2013).

Table 3: Descriptive statistics for the measurement scales

Construct	Variable	Variable type	Number of items	Valid N	Mean	Median	Std. Dev	Skewness	Kurtosis
EO		IV	9	215	4.70	4.78	0.97	-0.68	1.08
	Risk-taking	IV	3	215	4.54	4.67	1.23	-0.65	-0.10
	Proactive-ness	IV	3	215	4.32	4.33	1.34	-0.27	-0.40
	Innova-tiveness	IV	3	215	5.24	5.33	1.11	-1.17	2.32
Growth		DV	9	215	4.86	5.00	0.96	-1.00	1.77
Mentor-ship		Modera-tor	9	215	5.02	5.33	1.27	-1.27	1.75

4.6 Graphical Frequency Distributions

Figures 12 to 17 show the variable distributions namely EO, (innovativeness, proactiveness, risk-taking), mentorship, and BG. The EO distribution was normal, however at a sub dimension level only proactiveness was normally distributed. Risk-taking was negatively skewed, whereas innovativeness was negatively skewed and relatively peaked. Mentorship showed a wider spread, with tendencies towards the right. Growth was reasonably normally distributed although slightly peaked.

Based on visual inspection of the distributions as well as descriptive statistics, it was concluded that while the distributions were fairly normal, the deviation from normality was not drastic, therefore no serious violations were noted.

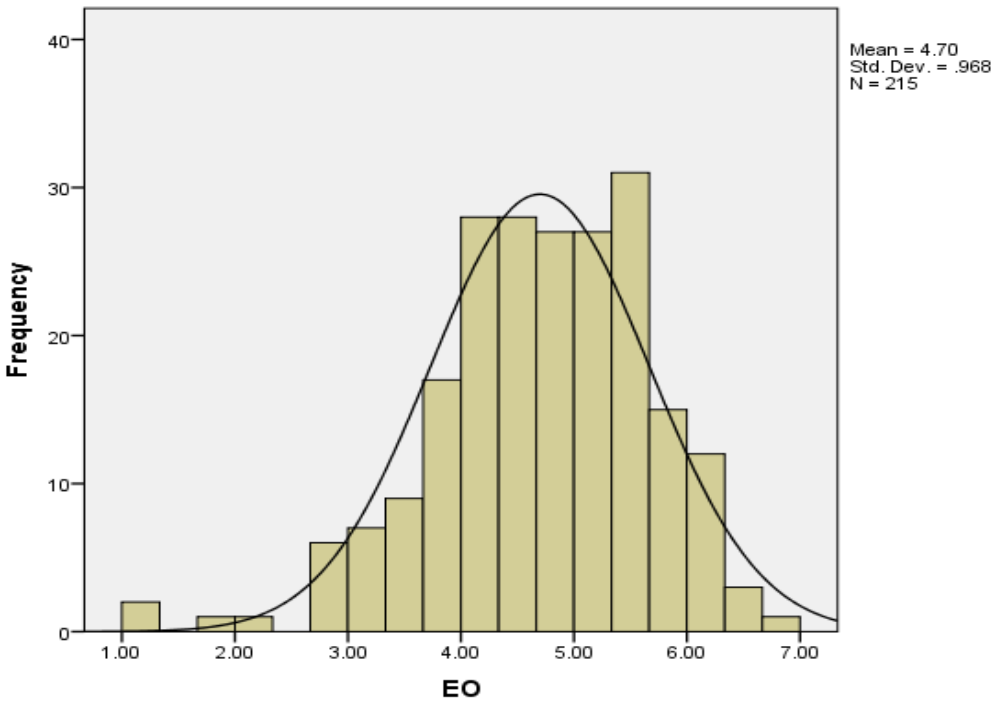


Figure 12: EO

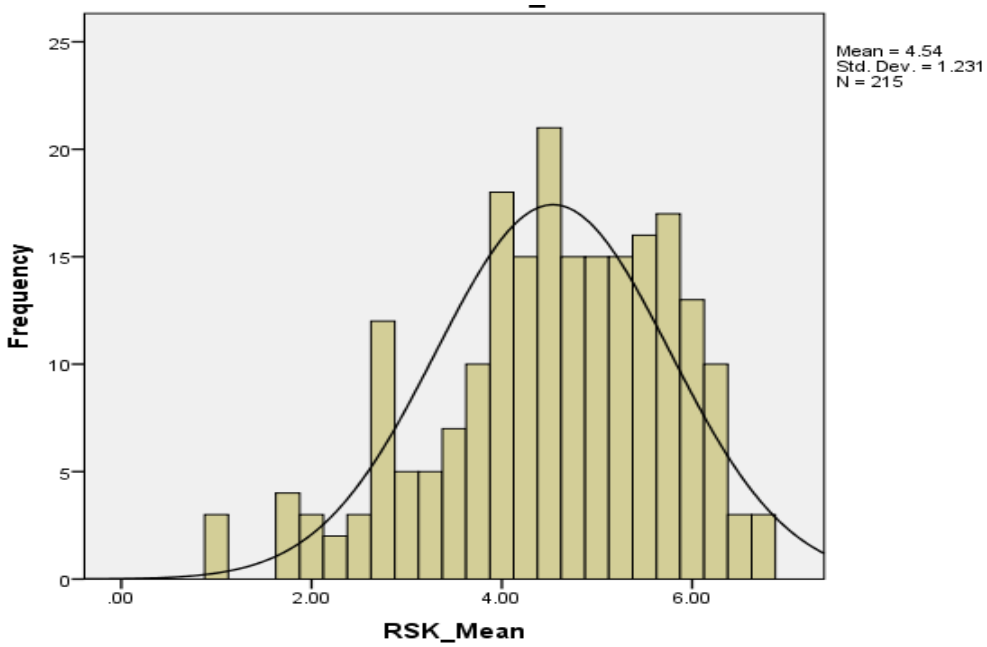


Figure 13: Risk-taking

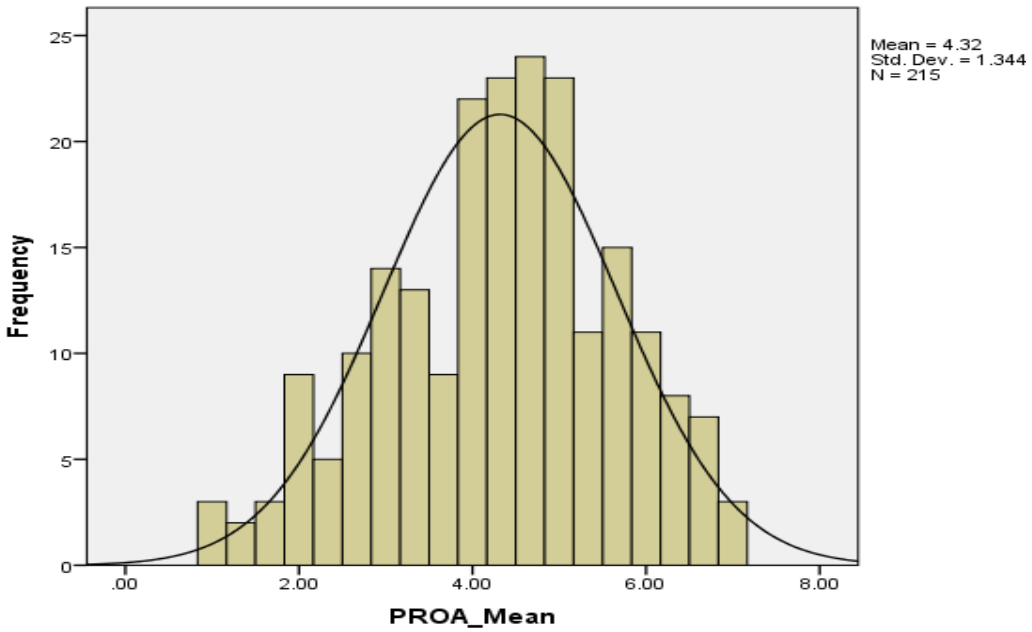


Figure 14: Proactiveness

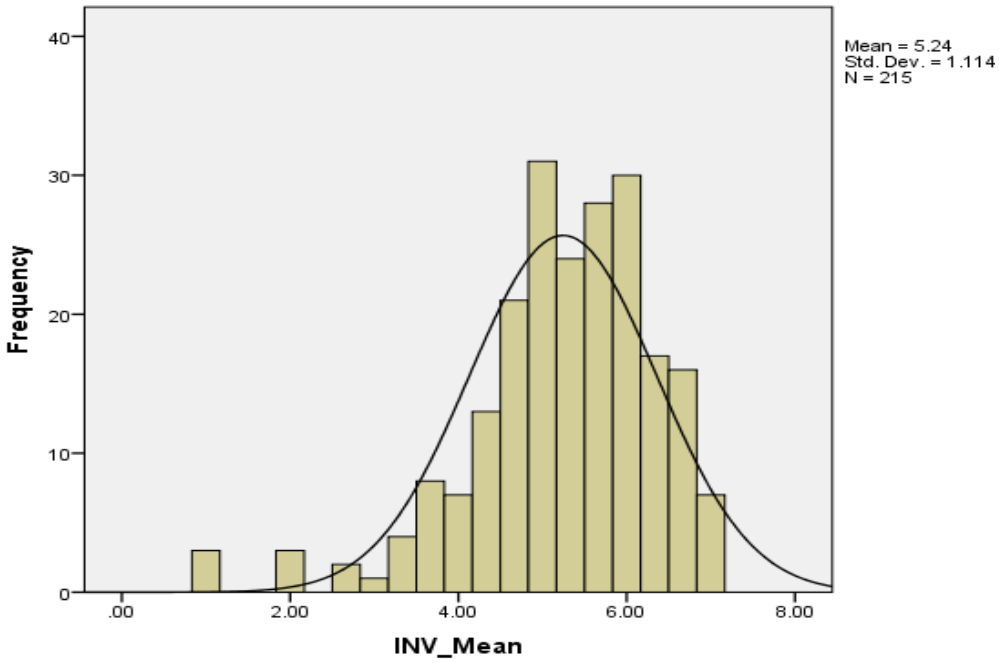


Figure 15: Innovativeness

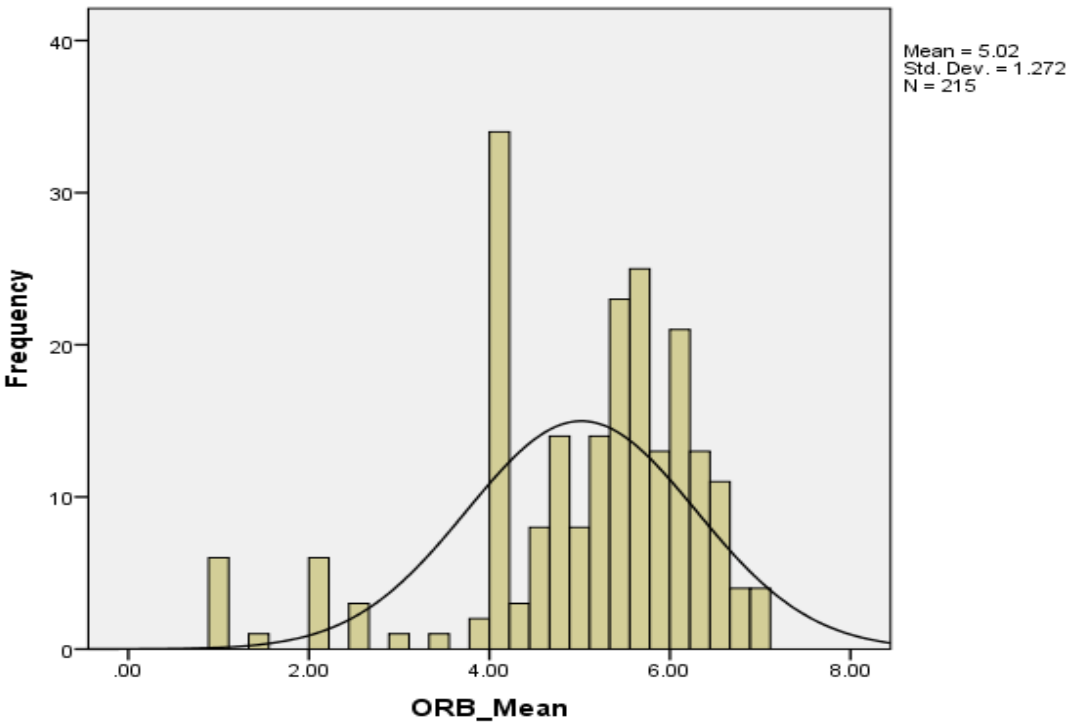


Figure 16: Mentorship

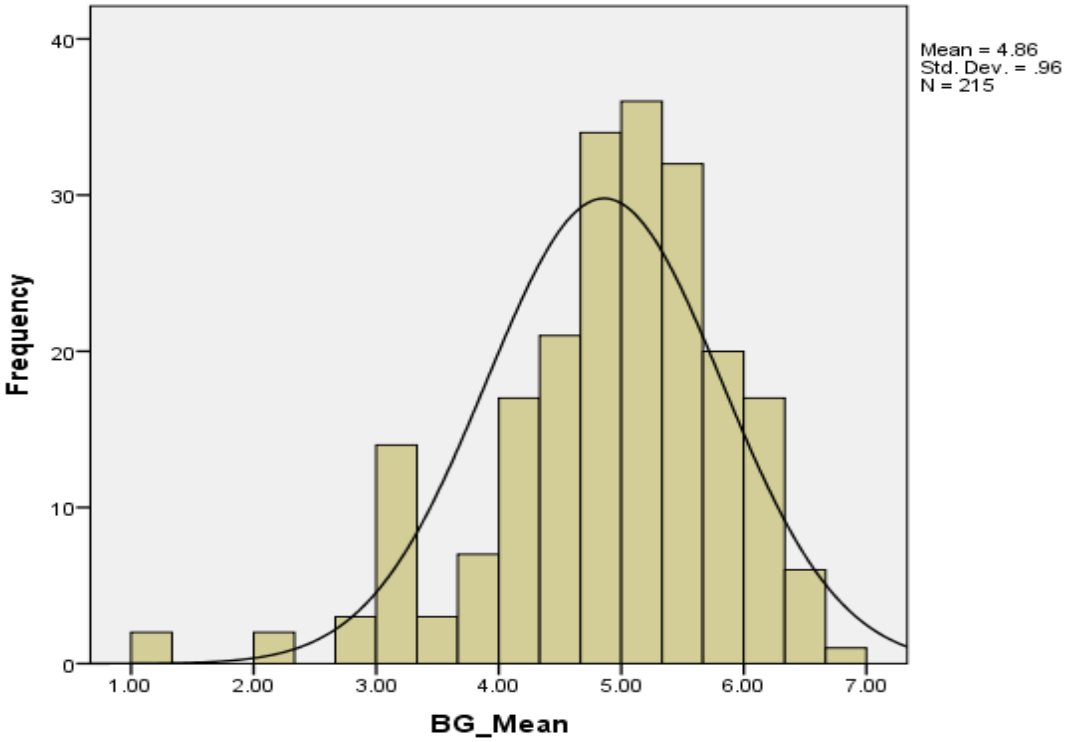


Figure 17: Growth

4.6.1 Sufficiency for CFA

Prior to running the model, the residuals were checked to ensure no serious deviations from normality. As CFAs (and all SEM models) are based on the covariance among variables, they are susceptible to the effects of violations to the assumption of normality (especially skew and outliers), which can strongly affect covariance (Hair et. al., 2010).

As already stated in section 4.6, the deviation from normality was not drastic, Figure 18 consolidates the visual distributions used to check for normality. Therefore, there was no need to transform any of the variables, thus the CFA model was run.

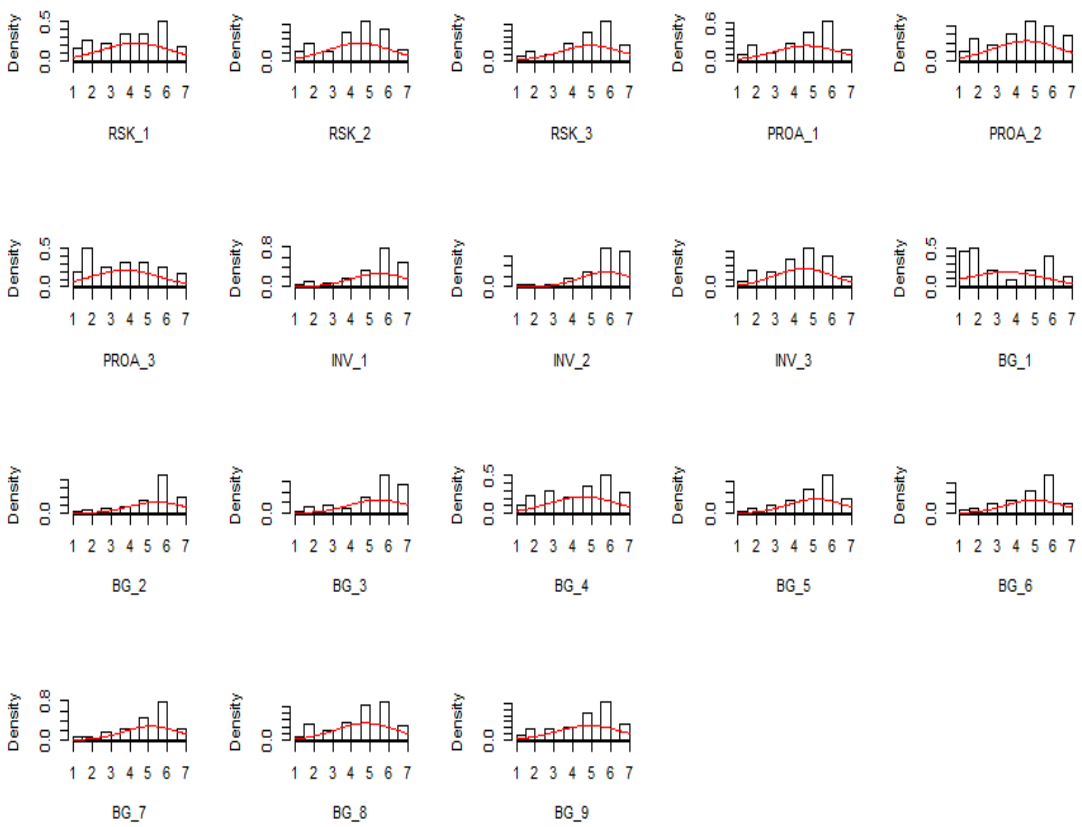


Figure 18: Visual distributions of variable consolidated

4.7 Reliability and Validity

Before an examination of the hypothesised model was performed, the psychometric properties of the scales, in terms of reliability and validity were assessed. To determine the factor loading in a pattern matrix a range of standards is applied to determine significance. A number of scholars use a cutoff of .30, others use .35, and some use .40 or higher (Hair et al., 2010). In the end, the ease of factor interpretation when setting a cutoff for loading interpretation needs to be considered.

The pattern of factor loadings, presented in Table 4, shows that all the dimension of EO (innovativeness, proactiveness, and risk-taking) correlate highly on their own factor. The three items for RSK scored factor loading of .6 and above, showing that the items loaded sufficiently on the factor. PROA and INV each had one item scoring below the recommended .5, with scores of 0.470 and 0.358 respectively, which was considered minimally acceptable; therefore, the validity of the 3-factor EO scale was confirmed (Hair et al., 2010). Similarly, the items for ORB loaded significantly higher than the recommended cutoff of .5, with factor loadings ranging between 0.863 and 0.935, apart from item two with a loading of 0.217 recorded.

Table 4: Factor loadings

Factor	RSK	PROA	INV	BG	ORB
RSK_1	0.608	0.000	0.000	0.000	0.000
RSK_2	0.820	0.000	0.000	0.000	0.000
RSK_3	0.815	0.000	0.000	0.000	0.000
PROA_1	0.000	0.765	0.000	0.000	0.000
PROA_2	0.000	0.646	0.000	0.000	0.000
PROA_3	0.000	0.470	0.000	0.000	0.000
INV_1	0.000	0.000	0.767	0.000	0.000
INV_2	0.000	0.000	0.798	0.000	0.000
INV_3	0.000	0.000	0.358	0.000	0.000
BG_5	0.000	0.000	0.000	0.850	0.000

Factor	RSK	PROA	INV	BG	ORB
BG_6	0.000	0.000	0.000	0.834	0.000
BG_7	0.000	0.000	0.000	0.872	0.000
BG_8	0.000	0.000	0.000	0.709	0.000
BG_9	0.000	0.000	0.000	0.699	0.000
ORB_1	0.000	0.000	0.000	0.000	0.916
ORB_2	0.000	0.000	0.000	0.000	0.925
ORB_3	0.000	0.000	0.000	0.000	0.891
ORB_4	0.000	0.000	0.000	0.000	0.870
ORB_5	0.000	0.000	0.000	0.000	0.880
ORB_6	0.000	0.000	0.000	0.000	0.935
ORB_7	0.000	0.000	0.000	0.000	0.928
ORB_8	0.000	0.000	0.000	0.000	0.217
ORB_9	0.000	0.000	0.000	0.000	0.863

4.7.1 Validity

In this study, the convergent validity (Cronbach's alpha) of the measures was tested to ascertain the degree to which multiple attempts to measure the same concept were in agreement. In general, if the Cronbach's alpha is less than .6 then the internal consistency reliability is poor, between .6 and .7 is acceptable and greater than .7 is good (Hair et al., 2010). It can be seen in Table 5 that RSK had 0.782, which was above the recommended threshold; however, PROA and INV were 0.64 and 0.63 respectively, which were acceptable (Nunnally & Bernstein, 1994). Similarly, BG scored a Cronbach's alpha of 0.89, which was greater than the threshold. It was concluded that the subscales for EO, the scales for both growth and ORB were valid.

Table 5: Cronbach's alpha

	RSK	PROA	INV	BG	ORB
Cronbach's alpha	0.7823884	0.6401502	0.6270545	0.8919327	0.94

4.7.2 Reliability

The factor loadings, composite reliability and average variance extracted (AVE) were used to assess convergence validity as suggested by Hair et al. (2010). The AVE, indicating the total amount of variance in the indicators, accounted for by the latent construct, RSK was above the recommended value of 0.5 (Hair et al., 2010), while PROA and INV had 0.42 and 0.28 respectively. The growth construct (BG) scored .62 as per Table 6. The minimum recommended cut off is .30. It was concluded that the subscales of EO and the growth construct were acceptably reliable.

Table 6: Average variance extracted

	RSK	PROA	INV	BG	total
AVE	0.5498159	0.4240487	0.2757216	0.6190189	0.4905360

First, the correlations between the constructs were examined (Table 7), and revealed that the correlations between the constructs were all below the threshold of 0.7 (Kline, 2011). This showed that the constructs had a moderate correlation with each other, besides EO, which was highly correlated to INV.

Table 7: Correlations between constructs

	RSK	PROA	INV	BG	EO
RSK	1.000				
PROA	0.375	1.000			
INV	0.525	0.477	1.000		
BG	0.311	0.282	0.396	1.000	
EO	0.642	0.584	0.818	0.484	1.000

Second, the criterion of Fornell and Larcker, (1981) was applied to test whether each construct's square rooted AVE is greater than its correlations with the remaining constructs. As shown in Tables 6 and 7, both analyses confirmed the discriminant validity of all constructs. In total, the measurement model demonstrated adequate reliability, convergent validity, and discriminant validity.

4.8 Specifying the CFA Model

Table 8 shows that there are three dimensions of EO, namely RSK, PROA and INV. BG is composed of BG_5 – NG_9.

Table 8: CFA Model equations

Equation number	Model equation
Equation 1:	RSK =~ RSK_1 + RSK_2 +RSK_3
Equation 2:	PROA =~ PROA_1 +PROA_2 +PROA_3
Equation 3:	INV =~ INV_1 +INV_2 + INV_3
Equation 4:	BG =~ BG_5 + BG_6 +BG_7 +BG_8 +BG_9
Equation 5:	EO =~ RSK + PROA + INV
Equation 6:	BG ~ EO

Lavaan (0.5-23.1097) converged normally after 53 iterations, as seen in Table 9.

Table 9: Lavaan iterations

Lavaan Test	
Number of observations	215
Estimator	ML
Minimum Function Test Statistic	107.584
Degrees of freedom	69
P-value (Chi-square)	0.002
Model test baseline model:	
Minimum Function Test Statistic	1308.012
Degrees of freedom	91
P-value	0.000
User model versus baseline model:	
Comparative Fit Index (CFI)	0.968
Tucker-Lewis Index (TLI)	0.958
Loglikelihood and Information Criteria:	
Loglikelihood user model (H0)	-5062.749
Loglikelihood unrestricted model (H1)	-5008.956
Number of free parameters	36
Akaike (AIC)	10197.497
Bayesian (BIC)	10318.840
Sample-size adjusted Bayesian (BIC)	10204.763
Root Mean Square Error of Approximation:	
RMSEA	0.051
90 Per cent Confidence Interval	0.031 0.069
P-value RMSEA <= 0.05	0.445
Standardised Root Mean Square Residual:	
SRMR	0.056

Parameter Estimates:	
Information	Expected
Standard Errors	Standard

The model fit was acceptable, with a TLI of .958 indicating that the model fitted better than the baseline model. The RMSEA tested the hypothesis that RMSEA is less than or equal to .05. This study's RMSEA was slightly greater than .05 (.051, with a 90 per cent CI from .03 to .039), therefore the p-value was not significant, which meant that RMSEA is less than or equal to .05. This also indicated a good fit because the RMSEA is less 0.06 (Hu & Bentler, 1999).

4.9 Model results

4.9.1 Hypothesis 1 – Correlation

$H1_0$: There is no relationship between EO and BG.

$H1_1$: There is a positive relationship between EO and BG.

Hypothesis 1 predicted a positive relationship between the IV, EO and the DV, BG. A bivariate correlational analysis was undertaken to evaluate the null hypothesis, that there was no positive relationship between EO and BG. The bivariate correlation results in Table 10 show a p-value of less than 0.05 and a correlation co-efficient of 0.46. Therefore, Hypothesis 1 was supported.

Table 10: Correlation co-efficients

Correlations		BG_Mean	EO_Mean
Pearson Correlation	BG_Mean	1.000	.460
	EO_Mean	.460	1.000
Sig. (1-tailed)	BG_Mean	.	.000
	EO_Mean	.000	.
N	BG_Mean	215	215
	EO_Mean	215	215

4.9.2 Hypothesis 2 – moderation

$H2_0$: The relationships between EO and BG is not moderated by ORB.

$H2_1$: The relationships between EO and BG is moderated by ORB.

The residual histograms for the regression model were normal, and thus the assumption of normality was not violated. As already mentioned, there is a linear correlation (0.460) between EO and BG. The residual scatterplot (Figure 19) shows good heteroscedasticity in the residual graph, i.e. the residuals were independent. It is therefore concluded that the data is appropriate for regression analysis (Field, 2013; Hair et al., 2010).

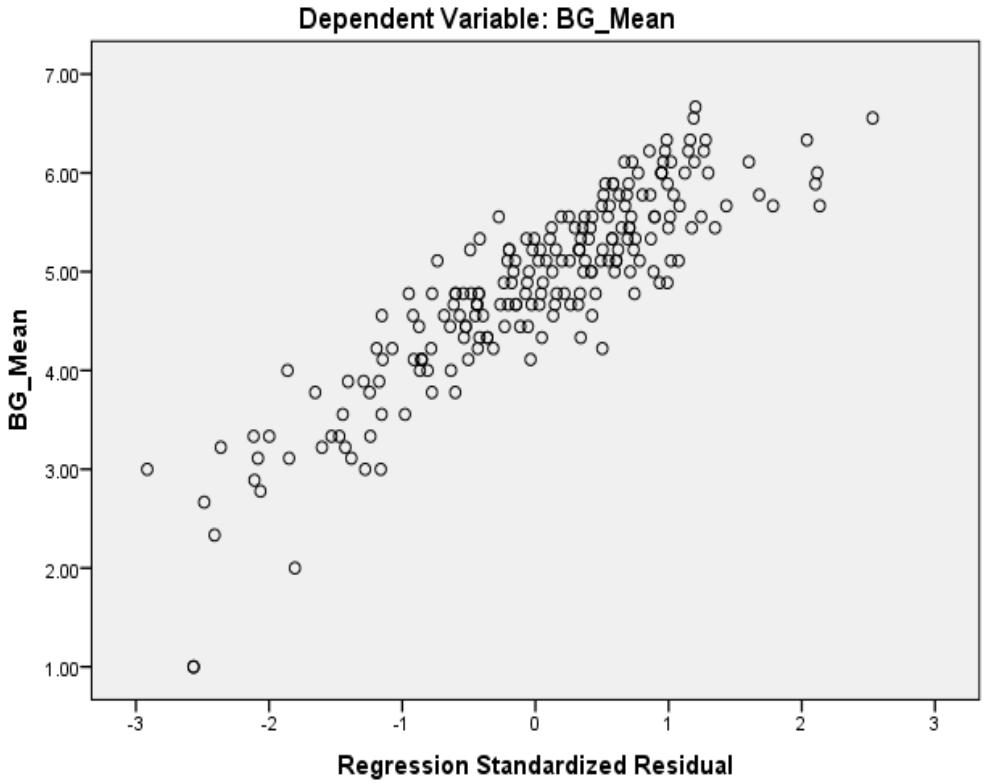


Figure 19: Scatterplot of residuals for BG

Hypothesis 2 predicted that the relationship between EO and BG was moderated by mentorship. Hair et al. (2010) suggested that in order to determine whether a variable has a significant effect, the change in R-squared needs to be assessed after adding the moderator to the original unmoderated equation. According to Hair et al. (2010), if incremental effect is significant then the moderator effect is present. The model with the interaction between EO and mentorship accounted for significantly more variance than EO by itself. The intercept (0.063) was not statistically significant (Table 11).

The change in R2 = .032 (p = .002). The regression model was statistically significant, F (3,215) = 30.976 (p < .005). This indicated that there was significant moderation between EO and mentorship on BG. Therefore, Hypothesis 2 was supported. The moderation model is seen in Figure 20.

$$Growth = 2.744 + 0.373 * EO + 0.883 * Mentorship + 0.927 * InterActionVa$$

Figure 20: Moderation model

Table 11: Results for the moderation model

Base model				Including moderator			
	B	**SE**	**b**	**B**	**SE**	**b**	**p**
IVs							
Intercept	2,744	0,286		0,063	0,732		
EO	0,46	0,854	0,449	0,364	0.061	0,373	
Mentorship				0,667	0,156	0,883	***
EO*Mentorship				-0,105	0,034	-0,927	*
F Base)	39,946						
F (with moderator)	30,976						
R-squared (Base)	27,40%			30,60%			
Change in R-squared	3,20%						

* p < 0.05;

*** p = 0.000

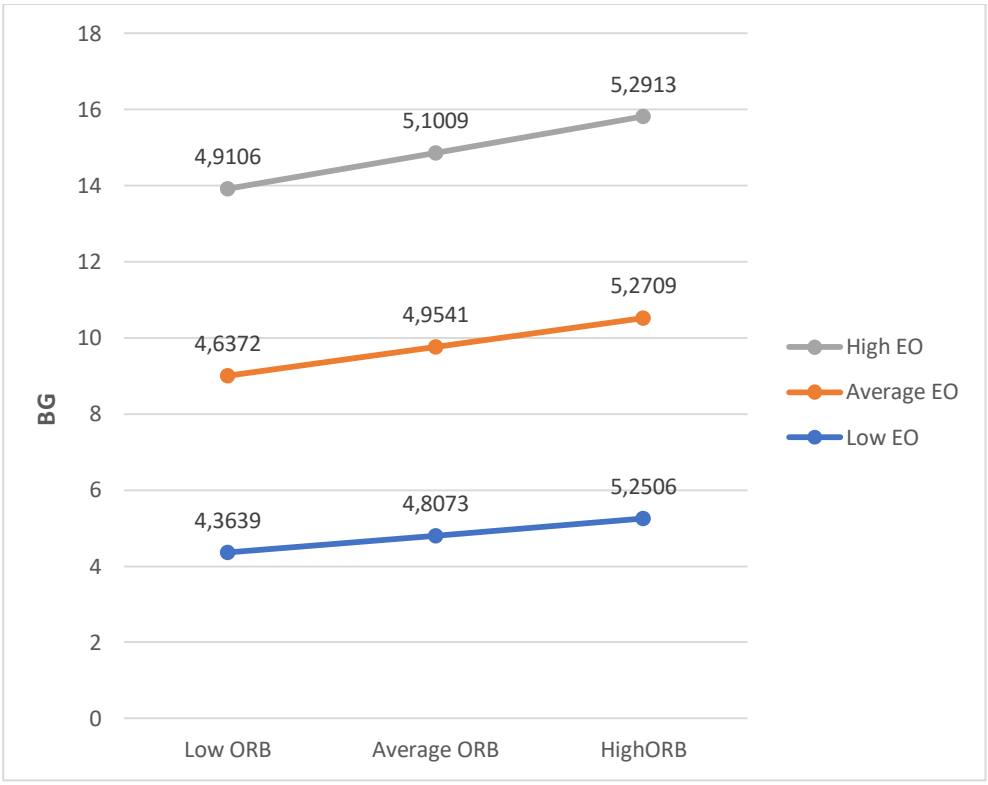


Figure 21: EO, growth – moderation model

Examination of the interaction plot showed an enhancing effect that as EO increased, BG increased. The rate of increase was uniform across EO levels as mentorship (ORB) increased. At low ORB, the high EO respondents had the highest BG and continued to do so across ORB levels. The least BG was that of entrepreneurs who had low EO and did not have mentorship (ORB). The moderator effect was evident in the positive change that occurred in the R-squared (Base) with the model moving from medium to high significance when the MV was added (Figure 21).

4.10 Summary of the Results

The results of the normality tests showed that the distributions of the variables were fairly normal because the deviation from normality is not drastic; therefore, no serious violations exist.

The CFA produced five factors (RSK, INV, PROA, BG and ORB) from the data collected. The validity of the individual factors was tested using the EVA, which

showed that the factors were acceptably valid. The results of the reliability test reflected an acceptable level of consistency with Cronbach's alpha ranging between 0.63 and 0.89.

From these tests, it was concluded that the variables were of acceptable quality (normality, correlation, validity and reliability) to be used for regression analysis and hypothesis testing (Hair et al., 2010).

The hypothesis test results are reflected in Table 12.

Table 12: Summary of Hypotheses

Hypotheses	Statement	Outcome
H1	There is a positive relationship between EO (and its sub-dimensions) and SME growth.	True
H2	Mentorship positively moderates the relationship between EO and SME growth.	True

The results of Hypothesis 1 showed significant statistical evidence to reject the null hypothesis. This inferred that the alternative hypothesis was true and EO and BG had a moderate correlation, as reflected in Table 10.

Furthermore, results of Hypothesis 2 showed significant statistical evidence to reject the null hypothesis (p-values<0.05), and inferred that the alternative hypothesis was true, which meant that the relationship between EO and BG was moderated by ORB (Hair et al., 2010).

Generally, when mentorship increased BG increased for those with low, average, and high EO. The rate of increase was uniform across EO levels. At low ORB the high EO respondents had the highest business growth and continue to do so across ORB levels. The least business growth was that of entrepreneurs who had low EO and did not have mentorship (ORB).

The results presented in this chapter are further elaborated upon in Chapter 5.

CHAPTER 5. DISCUSSION OF EMPIRICAL FINDINGS OF THE RESEARCH

5.1 Introduction

This chapter provides further insight to the empirical results presented in Chapter 4. First, the demographic statistics of the data are discussed; thereafter, the discussion concentrates on reliability conducted on the EO and growth scales. The CFA results are explicated together with the final factors used in the multiple regression analysis. The last part clarifies the empirical results from the multiple regression analyses used to test the hypothesised conceptual framework set out in Figure 2.

The discussions in this chapter are compared to the empirical findings from the literature, discussed in previous chapters.

5.2 Descriptive Statistics: Demographic Profile of the Sample

The research comprised data collected through a survey questionnaire for the empirical analysis of this study. The SIC industry codes were adopted for the purpose of sector identification and a national study was conducted, which included SMEs from different geographical areas. All participants formed part of ED either in the form of incubation, ED programs or mentorship support. The contact information of the owners or senior managers of SMEs situated across the nine provinces of South Africa was accessed directly by the researcher. Further databases were accessed through the assistance of ED agencies operating in the Western Cape, Gauteng, Eastern Cape, Free State and KZN provinces.

The response rate was monitored via the Qualtrics (2018) software program, where the responses were captured. Of the 305 responses collected, only 215 questionnaires were used for the analysis due to inadequate or incomplete data.

5.2.1 Incubation program

The results indicated that 53 per cent of the respondents were participating in an incubation program. The remaining 47 per cent answered ‘no’, indicating that they were not part of an incubation program., As discussed in Chapter 2, and considering the benefits that incubation recipients derive from an incubation program, it was concluded that more than half of the respondents received some form of support. It is highlighted in literature that incubated firms are more likely to survive and are more competitive than non-incubated firms (Stoken et al., 2015). Furthermore, research on incubation highlights a lack of training by the incubation managers as a concern (Buys & Mbewana, 2007; Tengeh & Choto, 2015). Therefore is it worth noting that non-incubated firms may possess similar or greater entrepreneurial tendencies as incubated firms, hence Lose, (2016) stated that incubated firms need to ensure that they maintain their competitiveness once they leave the incubator programs. As such Lose, Maziriri et al. (2016) stated that incubation programs must ensure that they provide substantial guidance to incubation recipients in the form of mentorship. These findings are relevant and seem to support the view that ED and incubation can be considered an effective way to implement mentorship (Masutha & Rogerson, 2014).

5.2.2 ED program

Based on the results, 60 per cent of respondents confirmed that they were beneficiaries of an ED program. According to literature, ED is concerned with helping enterprises grow, as it relates to the entrepreneur and his or her venture (Gartner & Bellamy, 2008). The growth of the entrepreneur or business owner can manifest itself through the skills and management training received through ED programs (Duba, 2017). Similar to incubation programs, ED programs focus on the provision of resources and infrastructure to help SMEs grow.

The significance of benefiting from ED programs is highlighted in the ED Report (Fröhlicher & Pothering, 2013). The assistance in both financial and non-financial support to SMEs provides a strategic advantage and is hugely

beneficial to entrepreneurs (Ryan, 2012). However, the sustainability of firms beyond graduating from an ED program remains a concern.

5.2.3 Business mentor

Of the respondents, a total of 69 per cent stated that they had a business mentor. Mentorship is both formal and informal, the study did not specify nor differentiate between formal or informal mentors. It was concluded that the 31 per cent of respondents that answered 'no', there was the possibility that they might have had an informal mentor and thus proceeded with answering the questionnaire. Various studies on mentorship highlight the relationship between a mentor and a mentee as critically important to the development of entrepreneurs (St-Jean & Mitrano-Meda, 2016). In a study conducted on the mentor-mentee relationship, Ozgen and Baron (2007) stated that entrepreneurial mentors increase the opportunity recognition capability of the mentee. Literature confirms the relevance of entrepreneurial mentors in ED and further emphasises the significant role of mentoring for incubated firms (Kelley et al. 2012). The research therefore concludes that the presence of a mentor to support entrepreneurs' growth and development of their enterprises can be regarded is critical to the successful implementation of ED (St-Jean & Mitrano-Meda, 2016).

5.2.4 Respondents' ownership profile

Position: The objective of establishing the position in the company was in accordance with Reijonen, Tammi and Saastamoinen (2016) who studied the EO of SMEs. The strategic ability of the company to take risk, innovate, and outperform their competitors, occurs as a strategic function of the owner or management with the requisite authority to implement certain strategic objectives (Altinay, Madanoglu, de Vita, Arasli & Ekinci, 2016). The breakdown of respondents indicated that ownership accounted for 62 per cent of the respondents, upon adding the directors, a cumulative 77.7 per cent was arrived at. For the unit of analysis the 77.7 per cent represented the key strategic decision-makers in the firm. The managers accounting for 7.9 per cent were

known to implement the strategic objectives of the company and when added, take the cumulative percentage of the respondents to 85.6 per cent, showing an adequate distribution of the key decision makers in the unit of analysis. The responses revealed that 29 employees and two 'other' account for less than 20 per cent of the total respondents. Therefore, the respondents were the intended individuals as anticipated.

Age: The GEM report measures the TEA rate of adults aged between 18 and 64 years (Herrington et al, 2017). The TEA age categories are distributed accordingly, 18 to 24 years, 25 to 34 years, 35 to 44 years, 45 to 54 years and 55 to 64 years. The results showed an interesting dynamic for the youth in South Africa, aged 18 to 35 years. The youth population reveals that people aged 18 to 24 had the second lowest TEA rate and people in the 25 to 34 year age group, the highest TEA rate of all age categories. This indicates that according to the GEM report (Herrington et al., 2017) there is a vast difference between the TEA rates representing the youth populations of South Africa. Similarly, the highest and most entrepreneurially active age group (25 to 34 years) is followed immediately with a slight decline in TEA rate by the 35 to 44 year age group, and a significant decline in the other age categories, have been reported by Herrington et al. (2017).

The GEM report indicates that entrepreneurial activity rates in South Africa are relatively low, however the most active age group are highlighted as being entrepreneurs aged between 25 and 44 years (Herrington et al., 2017). The age distribution of respondents revealed that the majority of the respondents (38 per cent) were aged between 35 and 45 years, while almost a third (29 per cent) were aged from 26 to 35 years. This is in accordance with the latest GEM report, seeing that 67 per cent, the overwhelming majority, of the respondents were aged between 26 and 45 years.

In total the data shows that youth (aged 35 years or younger) constituted one-third (33 per cent) of the responses. This data was in accordance with the GEM report (Herrington et al., 2017), with regard to the age group of 18 to 25 years. The study revealed that only four per cent of respondents were representative of the 18 to 25 year age category. The research sample for this study was not

predetermined, however it reflected similar results as the GEM report (Herrington et al., 2017). The data further revealed that 29 per cent of respondents were aged above 45 years, maintaining similarities with the GEM report.

Given the context of the study in relation to ED and mentorship, only one third of respondents were considered youth, which was considered significant.

5.2.5 Company profile – size

Company annual turnover: The vast majority of respondents almost three quarters (74.4 per cent) reported their annual turnovers to be below R5 million. According to SEDA's definition, these were considered SMEs (www.seda.org.za). The study did not draw a distinction between small and micro enterprises, as such the questionnaire generically inquired for below R5 million bracket. The full complement of respondents within this category therefore qualified as part of the unit of analysis (SMEs) of this study.

The data further revealed that 10 per cent reported an annual turnover of between R5 million and R10 million and 12 per cent ranged between R10 million and R50 million, thus bringing the entire grouping of below R50 million to 97 per cent in total. Seven respondents reported annual turnover of above R50 million amounting to a meagre three per cent of the total respondents. As such, the data confirmed that the respondents required to confirm the unit of analysis were included.

Current number of employees: In accordance with previous studies, the number of employees constitutes a measure of the size and growth objective of the company (Neneh & Van Zyl 2014). The data revealed a direct correlation between the number of employees and the company's annual turnover. This observation indicates that an increase in employee numbers is related to growth in revenue (Neneh & Van Zyl 2014). The 1 to 49 employees category represents 90 per cent of the respondents with a further seven per cent from the 50 to 149 employees category, bringing the total to 97 per cent, for companies falling within the small to medium size bracket. Only seven

respondents, accounting for three per cent, recorded employee numbers of above 150, which is in line with the seven respondents that reported their annual turnover as above R50 million. The data reflected that an overwhelming majority of respondents, 97 per cent, had below 50 employees. It was concluded that the respondents were representative of SMEs, based on the definition by SEDA (www.seda.org.za).

Industry: In an attempt to generate a large sample, the study opted to include industries as per the categories adopted from SIC. Figure 22 shows that South Africa's agricultural sector recorded the largest growth across industries in the third quarter of 2017 with mining and manufacturing sector concluding the top three performing sectors, according to Stats SA (www.statssa.gov.za). This study recorded 16 per cent responses from the agricultural sector, and a further 12 per cent from manufacturing. The information and communications technology sector comprised nine per cent of the responses and was the third highest sector represented in the data; the construction sector made up seven per cent, mining represented five per cent, and the food and accommodation sector accounted for roughly five per cent of the responses. The remaining sectors were spread throughout various industries, reflecting the heterogeneity of the respondents. The heterogeneous sample of this study was considered a good and credible representation of SMEs.

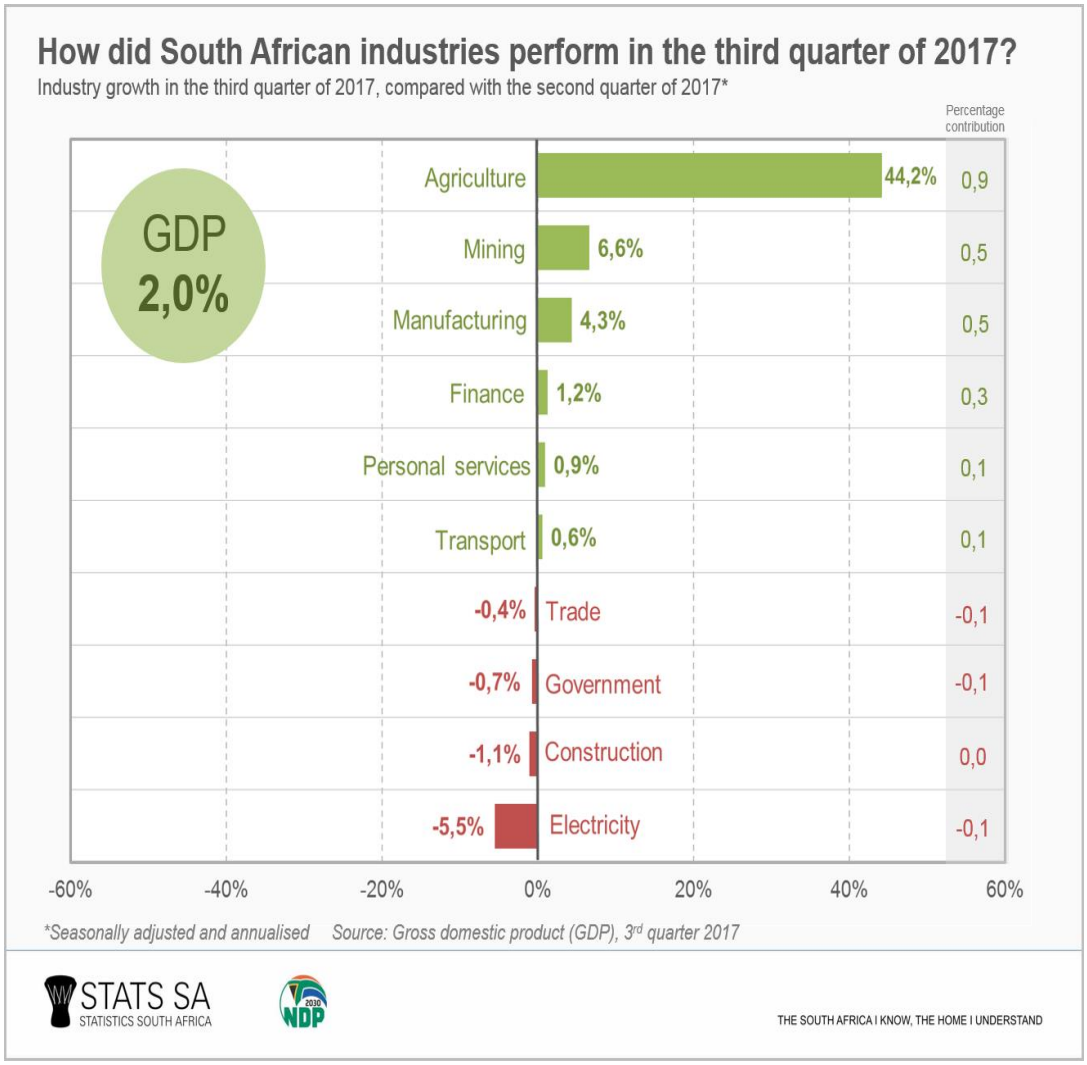


Figure 22: Industry performance

(www.statssa.gov.za)

5.3 Descriptive Analysis of the Scales

The descriptive analyses of empirical data for the EO, growth and mentorship scales measured of central propensity and distribution for selected variables. The results for skewness, and normality tests of distributions for selected variables were also reviewed through the data analysis.

5.3.1 EO scale

The nine-item EO scale was used to gather data on the respondents' proclivity toward innovation, degree of risk-taking, and proactiveness the three

dimensions of EO. The mean score was generated for EO to determine the level of entrepreneurship within the firm.

The dimensions of EO have proven to be reliable in previous research studies as indicated in Chapters 2 and 3. As such, CFA was conducted to establish the validity and reliability of the scale.

5.3.2 BG scale

The growth scale showed adequate reliability and inter-item correlations in accordance with the results found by Dlamini (2016). The nine-item scale adopted from Dlamini (2016) and adjusted to the context of this study revealed that the best fit for the factor resulted in discarding items one to four.

The adjusted scale included item nine (The firm has grown from inception with an increase in assets indicating this growth), as previous studies considered an increase in assets as a key indicator of growth for SMEs (Neneh & Van Zyl, 2014). The factor loading of the growth construct revealed that the highest loadings were items five to nine. These items had the highest loadings and increased the significance levels of the factor to establish the best model fit to test the first hypothesis between EO and growth.

A distinguishable difference in the growth scale was observed, in which questions one to four were related to the perception of growth, whereas the last five questions (five to nine) were related to the recognised growth in annual turnover, profits, an increase in sales, number of employees and assets (Appendix A). The mean values are above the midpoint (4.86), with a standard deviation of 0.96, indicating that most answers were centred around the mean on the affirmatory end of the scale. The skewness and kurtosis were not sufficiently good, as such skewness was not an issue.

5.3.3 ORB mentorship scale

The ORB scale were adopted and adjusted from Wood (2012), allowing for the convergence of the role of the mentor in the mentor-mentee relationship. The

responses were indicative of the respondents' understanding of the questions and the answers in accordance with their perception, hence the distinct difference in the manner in which question eight differed from the other responses, as reflected in the mean score.

The analysis of the individual items for the mentorship construct revealed that all the questions had a mean higher than the midpoint of four, with the exception of question eight, for the aforementioned reasons. This indicated that the respondents recognised the role of their mentor in enhancing their ability to recognise opportunities.

5.4 Testing Reliability of the Scales

The reliability of EO and growth were tested using the Cronbach's alpha coefficient (Field, 2009). The analysis indicates that both constructs had alpha coefficients above .7, the recommended threshold. The Cronbach's alpha testing for reliability was statistically significant, confirming the reliability of the subscales of the latent construct EO. The Cronbach's alpha for risk (0.782) was the highest and above the recommended threshold, whereas proactiveness (0.64) and innovativeness (0.63) respectively were below the threshold yet statistically acceptable (Nunnally & Bernstein, 1994). The Cronbach's alpha for EO as a construct was (0.776) whereas the growth (0.89) and mentorship construct (0.94) scored even higher.

The alpha coefficient for all the questions (0.896) indicated that the data gathered revealed a relatively high internal consistency.

5.5 Factor Analysis of the Scales

The variables were tested for normality using a visual test (histograms) and descriptive statistic (skewness and kurtosis). Based on these tests the distributions of the variables were fairly normal, the deviation from normality was not drastic, therefore there were no serious violations.

CFA was conducted to test the validity of the construct (the relationship between EO and BG as moderated by mentorship). The CFA produced five factors from the data collected. Only 23 variables were included in a five-factor model for the CFA. The remaining four items did not fit the factor structure because they did not load significantly on this factor.

The model fit was a good (TLI 0.958 and RMSEA 0.51). The validity of the individual factors was tested using the EVA, which showed that the factors were acceptably valid (more than 0.3) with only INV that had an EVA of 0.27, also close enough to 0.3. The variables were tested for reliability using the Cronbach's alpha test. They reflected an acceptable level of consistency with Cronbach's alpha of between 0.63 and 0.89.

From these tests, it was concluded that the variables were of acceptable quality (normality, correlation, validity and reliability) to be used to test the construct using regression analysis (Hair et al., 2010).

5.6 Discussion Pertaining to the Hypotheses

Innovation: The process of innovation allows firms to operate more efficiently. Firms are able to operate more effectively through market innovations that assist them to identify and compete in new market spaces (Karatko et al., 2001). Innovativeness among SMEs in South Africa needs to be process, product, and market driven. Through the ED process, firms are able to get assistance to adapt their internal and external company processes. What was optimistic was the response rate regarding innovation in this particular study. The data indicated that all respondents perceived their firm to be innovative, especially when considering the responses to items 1 and 2 for innovation. The factor loading for item one (*INV1* - 0.767*)* and item two (INV2 - 0.798) on the innovation scale shows that innovation is considered an important aspect in their respective businesses. Item three (INV3 - 0.358) 'changes in products or services have usually been quite dramatic', had a much lower loading.

SMEs must recognise that greater innovation leads to competitive advantage (Zeebaree & Siron, 2017), especially considering the huge volumes of SMEs

competing within the South African market. The relevance of EO is further highlighted through Van Geenhuizen, Middel and Lassen (2008) who note that EO can empower firms who hope to achieve a sustained competitive advantage.

EO has a positive impact on a firm's innovativeness (Alegre & Chiva, 2013), which in turn lead to an increase in overall firm performance. It is argued that SMEs could enhance innovative firm behaviour through development of the learning capabilities of individuals within the context of SMEs. According to Alegre and Chiva (2013), the attainment, spreading and use of knowledge within an organisational context, is considered extremely useful in the innovative process.

The cultural aspects of different countries may have an effect on the attitudes of individuals toward innovation and risk. The Kauffman Foundation (2011) reported that almost half of the people contemplating starting a business, think that the risk is too great. This observation is quite astonishing, especially considering the risk associated with starting and running one's own business.

Risk-taking: Literature regards risk-taking as a proclivity to take action with no certainty of a successful outcome, yet committing one's own and the resources of others in pursuit of an opportunity (Li, Huang & Tsai, 2009; Walter, Auer & Ritter, 2006). The results showed that the risk items (RSK) had the highest overall loading on the associated factor out of the three dimensions of EO. The data revealed an interesting pattern with regard to RSK and INN, the conservative nature of ambitious innovation of the respondents. This observation stems from the manner in which respondents answered item three (INV3 - 0.358) 'changes in products or services have usually been quite dramatic' and item one (RSK1 – 0.608) 'high-risk projects with chances of very high returns'; both items scored the lowest in the respective dimensions. The response rate can be vastly different, notwithstanding that both items relate to extreme aspects of risk and innovation. Risk-taking after all requires the business to commit significant resources with a genuine possibility of failure (Frese, Brantjes & Hoorn, 2002), as such it makes logical sense, in light of research that has previously recognised the relationship between risk and

innovation (Robinson & Stubberud, 2014), that the results will show some underlying pattern between these two dimensions.

The proactive nature of risk is reflected in the notion that firms tends to venture into the unknown, which is evident of their willingness to break away from the tried and tested (Wiklund & Shepherd, 2003). The saying 'high risk, high reward' captures the essence of the potential for entrepreneurs that are embedded in risk; hence, it is argued that risk can be positively related to success (Frese et al., 2002). In a similar vein, Lumpkin and Dess (1996) argued that firms who make large resource commitments attain high returns through capitalising on market opportunities.

The high factor loading of items two (RSK2 - 0.820) and three (RSK3 - 0.815) on the RSK factor, was a promising reflection of the perceived association of risk by the respondents. Both items loaded very highly on their intended factor, which indicated that the respondents viewed their company and its culture towards risk as very aggressive.

Pro-activeness: Proactive firms consciously probe their environment to adopt more innovative ways in which to serve their customers and markets better than do their competitors (Morgan, 2007). As part of their strategic objective, proactive firms tend to gain first mover advantage (Li et al., 2009) seeing that proactiveness reflects a firm's capability to respond and act to new and changing conditions (Morgan, 2007). The initiative taken by firms in the market place, in relation to opportunities, refers to proactiveness (Li et al., 2009). Huang and Wang (2011) emphasised that proactive firms seek and acquire resources to develop their competitive advantage. In the context of South Africa, SMEs are able to get assistance through ED programmes.

The objective of SMEs participating in ED programmes is to grow their businesses through the assistance and support of private corporations and government. It is noted that firms with high EO will proactively explore the resources provided through their environment in order to gain a competitive advantage (Zeebaree & Siron, 2017). SMEs are able to convert their strategic

advantage into increased growth through deploying their resources to projects in an innovative and proactive manner (Rosenbusch et al., 2013).

The importance of risk for SMEs is associated with the goal of wanting to gain and establish a competitive advantage. In dealing with competitors, item one (PROA1 – 0.765) reflected the nature of how proactive the company was towards taking action and developing new, innovative products and processes. This tendency could also relate to the manner in which the company dealt with market related aspects, especially in the ED environment in South Africa.

The ability to take action and be ahead of the curve is at the core of proactiveness. Items two (PROA2 – 0.646) and three (PROA3 – 0.470) are indicative of how the respondents related to being first to market and their attitude towards their competitors. Covin and Slevin (1989) stressed the importance of an entrepreneurial posture in the pursuit of a sustainable competitive advantage, while cautioning that such a posture could possibly represent some unwarranted risk for SMEs. Whereas Rosenbusch et al. (2013) claimed that SMEs require being proactive in order to identify and exploit business opportunities.

BG: As a strategic orientation, EO is crucial to how SMEs identify opportunities and access the necessary resources to exploit such opportunities. The strategic objective of entrepreneurs to grow and develop their businesses depends on the proactive, innovative manner with which they pursue opportunities and deal with the accompanying risk factors. It was suggested that EO, as a strategic orientation, plays a critical role in how SMEs pursue opportunities and the entrepreneurs' ability to make informed decisions (Reijonen et al., 2016).

5.6.1 Hypothesis 1

$H1_1$: There is a positive relationship between EO and BG.

$H1_0$: There is no relationship between EO and BG.

The results of the bivariate correlation analysis in Table 10 show that the p-value was less than 0.05. Therefore, significant statistical evidence to reject the

null hypothesis and infer that the alternative hypothesis is true was evident. A correlation co-efficient of 0.460 was indicative of a moderate positive correlation between EO and BG. This meant that statistically significant evidence of a positive relationship between EO and BG existed; hence, the construct was valid.

Furthermore, the multiple regression results of the relationship between EO and BG indicated that the model explained 21.1 per cent (R-Square = 0.211) of the variance. The results supported Hypothesis 1, that EO has a moderating effect on BG. In accordance with previous research, this study also found a positive relationship between EO and SME growth (Casillas & Moreno, 2010; Covin, Green & Slevin 2006; Wang & Altinay 2012). The findings showed that innovative firms, which proactively sought new opportunities and took risks, tend to grow. The positive relationship between EO and BG were explained by the support of SMEs through ED, where corporates and government acted as support (financial and non-financial) for the production of products and services while simultaneously procuring these products and services.

5.6.2 Hypothesis 2

$H2_1$: The relationship between EO and BG is moderated by ORB.

$H2_0$: The relationship between EO and BG in not moderated by ORB.

Regression analysis was undertaken to evaluate the null hypothesis, that the relationship between EO and BG is not moderated by ORB. From Hypothesis 1, it was determined that a statically significant positive relationship between EO and BG existed. The regression model reflected that the moderating factor (mentoring) had an influence on the relationship between EO and BG. The R-squared for the base model increased by 3.2 per cent when the moderator factor was included. Thus, significant statistical evidence existed to reject the null hypothesis (p-values<0.05), and infer that the alternative hypothesis was true, which means that the relationship between EO and BG is moderated by ORB (Hair et al., 2010).

According to Zeebaree and Siron (2017), earlier studies (Messersmith & Wales, 2011; Moreno & Casillas, 2008; Wales, Gupta & Mousa, 2011) called for MVs to determine the EO, or the performance/growth relationship.

Ireland, Hitt, and Sirmon (2003) observed that SMEs are effective in identifying opportunities but less successful in fully exploiting them; the role of the mentor is to respond to the unique requirement of its mentee (Clutterbuck, 2004). The mentorship scale adopted for this study focused on ORB, and Ozgen and Baron (2007) highlighted the positive role played by the mentor in assisting the mentee to identify and exploit business opportunities.

It was noted in literature that the successful entrepreneurial mentoring relationship requires an investigation of factors that may contribute to the success of this relationship (Altinay et al., 2016). Training is regarded as one of the success factors in the entrepreneurial mentoring process, with several forms of assistance to entrepreneurs emerging in recent years; among the many proposed options, mentoring has gained tremendous traction prompting researchers in the field of entrepreneurial mentoring to suggest that mentoring enables entrepreneurs to identify and exploit opportunities (St-Jean & Mitrano-Méda, 2016). Most notably, opportunity features as a central factor in the definition of entrepreneurship; as such, this research argues that the role of the mentor should revolve around developing the ORB of the mentee, as discussed in Section 2.5.

Considering the impact of mentorship on the outcome variable, St-Jean and Audet (2009) identified improved goal orientation, problem solving, organisational management, increased learning capability, and the ability to adapt to change as influences provided by the mentor. These were positively associated with growth in turnover, profit, and employees (St-Jean & Audet, 2009). As such, this research recognised that the adoption of ORB as a function of the mentor was extremely relevant to the context of ED in South Africa.

5.7 Conclusion

The discussion of the empirical findings of the data collected is presented in this chapter. Hypotheses were developed based on the literature, reviewed in Chapter 2, which supported the hypothesised relationship between the IV, DV and MV. All relevant and significant statistical values were captured in Chapter 4, providing the necessary conditions to qualify the testing of the hypotheses.

The discussion indicated that the dimensions of EO converged into one construct with a Cronbach's alpha coefficient above .7, the recommended threshold. Even though some individual dimensions did reveal significant factor loadings, as a composite, EO was found to be statistically significant.

The CFA results confirmed the validity of the scales, and the reliability of the constructs were tested through Cronbach's alpha, suggesting that the scales were valid and reliable. Based on the empirical findings from the regressions, the study failed to reject the two Hypotheses, H_1 and $H_{2,}$ and concluded that EO did indeed have a positive impact on SME growth, with mentorship moderating the aforementioned relationship. The literature reviewed further affirms the results of the study, as reflected in the results of the two hypotheses tested.

The implications of empirical findings are explored in further detail in Chapter 6.

CHAPTER 6. CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the findings and recommendations of the study. The important findings and conclusions determined through the empirical analysis are summarised. The contribution of the study and future research implications are put forth.

6.2 Conclusions of the Study

6.2.1 Summaries of the main objective, findings and hypotheses

The purpose of this study was to establish the relationship between EO and SME growth, and the moderating effect of mentorship on the relationship between the EO and SME growth within the context of ED in South Africa. The information gathered in this research could help to inform the approach to ED by corporates and government alike. The growth and evolutionary process of SME development are very dynamic and rather complicated. Furthermore, the high failure rate, as reported in this study, further exacerbates the complexities that are central to ED. The calls from all stakeholders concerned with ED, to develop solution-based approaches to deal with the challenges faced by SMEs were at the core of this study.

The conceptual framework demonstrated the hypothesised relationships that were analysed. The study was based on a positivist paradigm using a quantitative research method. To test the hypotheses, primary survey data was gathered from 215 SMEs across the various provinces of South Africa. The Cronbach's alpha coefficient, indicating the reliability of the measurement scales, suggested that the scales for the IV (EO), the DV (BG) and the MV (ORB) were all found to be reliably acceptable. The scale items were analysed using CFA and all items tested were related to their specific factors. A

regression analysis was conducted to determine the relationship as depicted through the conceptual framework. The results confirmed the outcome of the hypotheses, shown in Table 12. Both hypotheses were accepted as true. The conclusions of the hypotheses are elaborated on in the sections that follow.

6.2.2 Hypothesis 1

H1: There is a positive relationship between EO (and its sub-dimensions) and SME growth.

EO was analysed as a uni-dimensional composite that required all three dimensions, innovativeness, proactiveness and risk-taking, to be present in order to prove the existence of the latent variable EO. This was done in accordance with previous research studies (Covin & Slevin, 1989; Kemelgor, 2002; Wiklund & Shepherd, 2005; Zahra & Garvis, 2000). The existence of an EO in firms implies that they are more likely to pursue opportunities than are their more conservative counterparts. This is in accordance with research that argues that without an EO, most SMEs tend not to grow (Eshima & Anderson, 2017). The individual dimensions were tested for reliability and the Cronbach's alpha indicated that all were found to be acceptable at an individual level and converged into the EO construct. The CFA showed that all items loaded significantly on their respective factors, as expected there was some inter-correlation between items. Most notably the innovation factor's third item correlated highly with both risk-taking and proactiveness. The loading factors seemed to indicate that all items loaded acceptably on their individual factors.

The dependent variable, BG, was measured using the scale adopted from a previous study conducted by Dlamini (2016). The scale was adjusted to the context of this particular study and item nine, measuring the increase in assets, was added as an additional item. This assumption was supported in previous literature, which stated that the increase in assets is considered as one of the key indicators of growth among SMEs (Achtenhagen et al., 2010; Neneh & Van Zyl, 2014). The Cronbach's alpha coefficient confirmed the reliability of the scale and the CFA showed that all items loaded significantly on the intended factor. To determine the best fit for the model, the growth items were deleted

one by one, resulting in the first four items (one to four) being discarded. The remaining five items (five to nine) contained the relevant indicators of growth as reported in previous research (Neneh & Van Zyl, 2014). The regression analysis was performed to determine the impact of EO on growth, as hypothesised.

The null hypothesis was rejected in favour of the alternative, affirming the results of prior studies, which found that a positive relation did indeed exist between EO and SME growth (Cassilas & Moreno, 2010).

6.2.3 Hypothesis 2

H2: Mentorship positively moderates the relationship between EO and growth of SMEs.

Based on the discussion in Chapter 2, the opportunity recognition scale by Wood (2012) was adopted to measure mentorship; the study considered the role of the mentor to assist the mentee in recognising opportunity, in accordance with prior research that shared a similar view (Ozgen & Barron, 2007; St-Jean & Audet, 2009; St-Jean & Mitrano-Méda, 2016). As per the other measurement scales in this study, the mentorship (ORB) scale similarly showed an acceptable Cronbach's alpha coefficient. Furthermore, the CFA, through the high loadings of the individual items, confirmed that all items loaded significantly on their intended factor.

The regression analysis indicated that mentorship did indeed have a moderating effect on the hypothesised relationship established through the first hypothesis, visible through the increase observed in the R-squared in the base model (Hair et al., 2010). The null hypothesis was rejected in favour of the alternative, affirming that mentorship (ORB) does indeed moderate the relationship between EO and BG.

As shown in Table 12 both hypotheses were supported through the empirical statistical analysis, as such the implications and recommendation on the significance of these findings are provided.

6.3 Implications and Recommendations

This study provided empirical findings that contributed to the understanding of how mentorship affects the growth of SMEs participating in ED in South Africa. The outcomes of the results support the findings of previous research that EO positively influences SME growth. It further affirms the role of mentoring in aiding the opportunity recognition capabilities of the entrepreneur. Similar results were reported in previous research (Ozgen & Barron, 2007)

The implication of these results can be considered from multiple perspectives. As stated in the literature review, government is deeply concerned at the alarming rate at which small business fail in South Africa (Chiloane-Tsoka & Mmako, 2014). The respondents reported an increase in the various growth indicators. In addition, SME growth can contribute to poverty alleviation and unemployment. The data analysed in this study indicated that in the event of their businesses growing, the firms are most likely to employ more people. Considering the high unemployment rate in the country, it was assumed that an increase in the survival rate of SMEs, in all likelihood, would create employment opportunities. The employment numbers will increase, if these enterprises are able to grow and expand. As such, it is recommended that the following aspects, in the context of this study, are addressed (Olawale & Garwe, 2010).

6.3.1 EO: Proactiveness

SMEs need to incorporate the dimensions of EO into their business, across all levels of the firm. Proactive enterprises seem to be ahead of their competitors, meaning that as SMEs become more proactive they are able to develop a competitive advantage. Proactiveness, within the context of ED, also relates to the openness to learn and make use of the assistance available through the various interventions by government and the private sector. The identification of opportunity is by its very nature a sign of proactiveness, therefore the mentoring support provided should focus on developing the mentees' capacity to pursue opportunities proactively. The implication for SMEs who do not behave in a proactive manner is that they would probably miss opportunities to their more

proactive counterparts. It is recommended that ED practitioners and mentors assess the proactiveness of SMEs throughout their engagement process.

6.3.2 EO: Risk-taking

Risk-taking can have dire consequences while at the same time it can be extremely rewarding. It is therefore advisable that SMEs thoroughly assess the risk associated with the particular opportunity being pursued. Research states that risk-taking to entrepreneurs is not akin to gambling, instead calculated risk, weighing up the pros and cons, does not reduce the risk propensity of SMEs and should therefore not be viewed as such. This study recommends that mentors fully consider the risk associated with opportunities and alert the enterprise of the potential pitfalls to ensure the likelihood of success. Risk is central to entrepreneurship, therefore is it important that SMEs embrace risk because the avoidance of risk can very well become a risk in itself.

6.3.3 EO: Innovativeness

Innovation sees the introduction of new products and processes or the innovative development of the existing. Considering the rapid changes that occur in markets, the technological advancements, and the continuous interventions to increase efficiency and productivity, innovation needs to occupy a central role in SMEs. Their ability to innovate and develop new and innovative solutions will ensure their relevance in the market place. The topic of innovation has taken centre stage in contemporary times. As such, the research argues that ED practitioners, incubators, and mentors need to stress the importance of innovation, especially as it relates to SMEs. As SMEs grow and develop, they will encounter challenges that require innovative ideas and solutions. The business development process is argued to be non-linear, which requires the proactive ability to anticipate future implications, the capacity to develop new and innovative solutions and ultimately the willingness to assume the associated risk. These aspects are fundamental to the evolutionary process of SMEs, therefore the importance of EO needs considerable attention from all stakeholders concerned with ED.

6.3.4 EO and SME growth

The impact of EO on the growth of SMEs participating in ED can have far-reaching consequences in South Africa. Considering that EO positively influences SME's growth, and noting that growth leads to an increase in employment, it is argued that many countries' socio-economic challenges can be addressed. In light of this, it is recommended that EO be encouraged and supported among SMEs. Government and corporates must ensure that any financial assistance through ED is geared to developing the EO of these enterprises, considering the notion that under financial duress SMEs are less likely to exhibit a strong EO, and are more inclined to become customer orientated, as observed by Eggers et al. (2013) in their study on different business orientations.

6.3.5 Mentorship

It is imperative that mentoring programs make opportunity recognition a deliberate part of their overall mentoring process. The training and development of incubation managers, with regard to assisting entrepreneurs in fully understanding the opportunity identification and exploitation process, are of the utmost importance. Recognising that opportunity is arguably one of the most important aspects of growth for SMEs, ED practitioners, in particular those acting in a mentoring capacity must be encouraged to place great emphasis on building the opportunity recognition capabilities of entrepreneurs. Entrepreneurial mentoring is concerned with the transfer of skills; one of the skills to be developed among young entrepreneurs is opportunity recognition and the ability to understand the requirements to convert an opportunity into a tangible project. Mentoring can also serve SMEs well when mitigating risk. It is recommended that mentoring programs be designed to assist SMEs as they evolve through the different stages of development.

It is further recommended that the combination of mentorship and EO be considered as fundamentally important in the quest to develop sustainable SMEs through ED. Lastly, the selection process for ED beneficiaries needs to

include specific aspects on the EO of the entrepreneurs and their attitude towards growth.

6.4 Limitations of the Study

The limitations of this study relate to the manner in which the data were collected. It is acknowledged that possibly a more structured approach to identifying the sample population would have been ideal, instead of approaching SMEs specifically for the research. The scope of this study was national; as such, it may have been prudent to first determine the various ED practitioners in each province and access SMEs in that manner. Furthermore, the process undertaken to encourage participation from corporates could have been done more diligently. Corporates were very hesitant to allow their SMEs to participate in the research; perhaps the relevance of the study could have been explained in a manner that addressed the corporates' discomfort. The questions on the survey could have been revised to remove any ambiguity. The following points are considered as limitations of this study:

- Some respondents may not have given accurate information.
- The inclusion of additional control variables, such as firm age, may have provided further insight in the analyses.
- There was a lack of interest among some entrepreneurs, corporates and ED practitioners in participating in the research. Time constraints and confidentially were offered as reasons not to partake in the research.
- Another independent or mediating variable might have been a valuable inclusion.
- The amount of time available for the research was a limiting factor.
- An industry specific focus could have added a contextual dynamic to the study.

The above-mentioned limitations may have affected the outcome of this study had they been considered beforehand.

6.5 Suggestions for Further Research

Research on SME growth could consider the antecedents to EO to assess its relevance and whether any interventions at that stage can better develop entrepreneurs to inculcate the dimensions of EO in their businesses at inception. Further investigation into growth might focus on the impact of SME growth as opposed to growth being the actual outcome. Entrepreneurial development of mentors could be an interesting area for future research. A more holistic understanding of the level of entrepreneurship training for incubation managers and ED practitioners in South Africa would provide empirical data on the concerns presented in this paper regarding incubation managers.

Future studies might focus on qualitative methods or perhaps a mixed method study to investigate the role of mentors on ED. The role of mentors at the different stages of development throughout the enterprise life cycle would certainly add a great deal of insight into understanding the role of mentors.

The different regions in South Africa each have their own unique challenges; therefore, a comparative study on ED in different provinces might be worth pursuing. Finally, future studies on ED, with particular focus on the value chain approach, the enterprise life cycle, and incubation as ED models, could be more embedded in existing entrepreneurship theory and models.

REFERENCES

Achtenhagen, L., Naldi, L., & Melin, L. (2010). Business growth: do practitioners and scholars really talk about the same thing? *Entrepreneurship: Theory and Practice,* 34(2), pp. 289-316.

Ackah, A. J., & Vuvor, S. (2011). *The Challenges Faced by Small & Medium Enterprises (SMEs) in Obtaining Credit in Ghana*. Master's Thesis. Karlskrona, Sweden, Blekinge Tekniska Hogskol, Blekinge Institute of Technology.

Adeniran, T., & Johnston, K. (2011). *Investigating the level of Internet capabilities of South African small and medium enterprises in changing environments*. Paper presented at the 13th Annual Conference on WWW Applications. Johannesburg.

Aldrich, H. (1999). *Organizations evolving*. London, England: Sage.

Alegre, J., & Chiva, R. (2013). Linking entrepreneurial orientation and firm performance: the role of organizational learning capability and innovation performance. *Journal of Small Business Management*, 51(4), pp. 491-507.

Altinay, L., Madanoglu, M., De Vita, G., Arasli, H., & Ekinci, Y. (2016). The interface between organizational learning capability, entrepreneurial orientation, and SME growth. *Journal of Small Business Management*, 54(3), pp. 871-891.

Amezcua, A. S. (2010). Performance analysis of entrepreneurship policy: which business incubators generate the highest levels of economic performance? *Frontiers of Entrepreneurship Research*, 30(18), pp. 1-15.

Asoba, S. N., & Tengeh, R. K. (2016). Analysis of start-up challenges of African immigrant-owned businesses in selected craft markets in Cape Town, *Environmental Economics*, 7 (2), pp. 97-105.

Audet, J., & Couteret, P. (2012). Coaching the entrepreneur. *Journal of Small Business and Enterprise Development,* 19(3), pp. 514-531.

Ayandibu, A. O., & Houghton, J. A. (2017). The role of Small and Medium Scale Enterprises in local economic development. *Journal of Business and Retail Management Research*, 11(2), pp. 133-139.

Bailey, D., & Grochau, K. E. (1993). Aligning leadership needs to the organizational stage of development: Applying management theory to non-profit organizations. *Administration in Social Work,* 17(1), pp. 23-45.

Bamiatzi, V. C. & Kirchmaier, T. (2012). Strategies for superior performance under adverse conditions: A focus on small and medium-sized high-growth firms. *International Small Business Journal,* 32(3), pp. 259-284.

Barringer, B. R., & Ireland, R.D. (2006). *Entrepreneurship: Successfully launching new ventures*. Hoboken, NJ: Pearson.

Baum, M., Schwens, C., & Kabs, R, (2011). International as opposed to

domestic new venturing: The moderating role of perceived barriers to internationalization. *International Small Business Journal*, 31(5), pp. 536-562.

Becherer, R. C., & Maurer, J. G. (1997). The moderating effect of environmental variables on the entrepreneurial and marketing orientation of entrepreneur-led firms. *Entrepreneurship Theory and Practice*, *22*(1), pp. 47-58.

Becker, A., Knyphausen-Aufseß, D. Z., & Brem, A. (2015). Beyond traditional developmental models: A fresh perspective on entrepreneurial new venture creation. *International Journal of Entrepreneurial Venturing,* 7(2), pp. 152-172.

Bhattacherjee, A. (2012). *Social Science Research: Principles, Methods, and Practices.* Tampa: University of South Florida.

Blumberg, B., Cooper, D. R., & Schindler, P. S. (2008). *Business research methods*. London, England: McGraw-Hill Higher Education.

Brockhaus, R. H. (1980). Risk taking propensity of entrepreneurs. *Academy of management Journal*, *23*(3), pp. 509-520.

Brown, R. & Mawson, S. (2013). Trigger point and high-growth firms. *Journal of Small Business and Enterprise Development,* 20(2), pp. 279–295.

Buys, A. J., & Mbewana, P. N. (2007). Key success factors for business incubation in South Africa: The Godisa case study. *South African Journal of Science*, 103(9-10), pp. 356-358.

Bygrave, W. D., & Zacharakis, A. (2009). *The portable MBA in entrepreneurship*. Hoboken, NJ: John Wiley & Sons.

Carree, M. A., & Thurik, A. R. (2005). The impact of entrepreneurship on economic growth. In Z. J. Acs, & D. B. Audretsch (Editors.), *Handbook of entrepreneurship research*, (pp. 437-471). Boston MA: Springer.

Carton, R. B., & C. W. Hofer (2006). *Measuring Organizational Performance: Metrics for Entrepreneurship and Strategic Management Research*. Northampton, MA: Edward Elgar.

Casillas, J. C., & Moreno, A. M. (2010). The relationship between entrepreneurial orientation and growth: The moderating role of family involvement. *Entrepreneurship and Regional Development*, 22(3-4), pp. 265-291.

Chebii, P. A., Bwisa, H., & Sakwa, M. (2016). Entrepreneurial mentorship and demographic characteristics within small and medium enterprises in Eldoret, Kenya. *International Journal of Academic Research in Business and Social Sciences*, 6(5), pp. 457-470.

Chidoko, C., Makuyana, G., Matungamire, P., & Bemani, J. (2011). Impact of the informal sector on the current Zimbabwean economic environment. *International Journal of Economics and Resear*ch, 2(6), pp. 26-28.

Chiloane-Tsoka, E. & Mmako, N. (2014). Effects of migration and immigration on SMMEs: The case study of Diepsloot informal settlement, South Africa. *Problems and Perspectives in Management,* 12(4), pp. 377-383.

Choto, P. (2015). *The impact of business incubators on survivalist entrepreneurs in the Cape Metropolitan area*. MTech Thesis. Cape Town. Cape Peninsula University of Technology.

Choto, P., Tengeh, R. K., & Iwu, C. G. (2014). Daring to survive or to grow? The growth aspirations and challenges of survivalist entrepreneurs in South Africa. *Environmental Economics*, 5(4), pp. 93-101.

Clarysse, B., Bruneel, J., & Wright, M. (2011). Explaining growth paths of young technology-based firms: Structuring resource portfolios in different competitive environments. *Strategic Entrepreneurship Journal,* 5(2), pp. 137-157.

Cohen, L., Manion, L., & Morrison, K. (2013). *Research Methods in Education*. London, England: Routledge.

Cooper, D. R., & Schindler, P. S. (2014). *Business Research Methods*. New York, NY: McGraw-Hill.

Covin, J. G. & Miles, M. P. (1999). Corporate entrepreneurship and the pursuit of competitive advantage. *Entrepreneurship Theory and Practice*, 23(3), pp. 47-63.

Covin, G. J., & Miller, D. (2013). International entrepreneurial orientation: conceptual considerations, research themes, measurement issues, and future research directions*. Entrepreneurship: Theory and Practice, 38*(1), pp. 11-44.

Covin, J. G., & Slevin, D. P. (1986). The development and testing of an organizational-level entrepreneurship scale. *Frontiers of entrepreneurship research*, *1*(3), pp. 628-639.

Covin, J. G., & Slevin, D. P. (1989). Strategic management of small firms in hostile and benign environments. *Strategic Management Journal*, 10(1), pp. 75-87.

Covin, J. G., Slevin, D. (1991), A conceptual model of entrepreneurship as firm behavior. *Entrepreneurship Theory and Practice*, 16(1), pp. 7-25.

Covin, J. G., Green, K. M., & Slevin, D. P. (2006). Strategic process effects on the entrepreneurial Orientation- sales growth rate relationship. *Entrepreneurship Theory and Practice,* 30(1), pp. 57-81.

Cowling, M., Liu, W., Ledger, A., & Zhang, N. (2015). What really happens to small and medium-sized enterprises in a global economic recession? UK evidence on sales and job dynamics. *International Small Business Journal,* 33(5), pp. 488-513.

Cull, J. (2006). Mentoring young entrepreneurs: What leads to success?. *International Journal of Evidence Based Coaching and Mentoring*, 4(2), pp. 8-18.

Davidsson, P. & Henrekson, M. (2002). Determinants of the prevalence of start-ups and high growth firms. *Small Business Economics,* 19(2), pp. 81-104.

Davidsson, P., Delmar, F. & Wiklund, J. (2002). Entrepreneurship as growth: growth as entrepreneurship. In M. A. Hitt, R. D. Ireland, S. M. Camp, and

D. L. Sexton, (Editors), *Strategic Entrepreneurship: Creating a New Mindset*, (pp. 328-340). Oxford, England: Blackwell.

Davidsson, P., Delmar, F., & Wiklund, J., (2006), *Entrepreneurship and the Growth of Firms*. Boston, MA: Edward Elgar.

Delmar, F. & Wiklund, J. (2008). The effect of small business managers' growth motivation on firm growth: A longitudinal study. *Entrepreneurship Theory and Practice,* 32(3), pp. 437-457.

Delmar, F., Davidsson, P. & Gartner, W. B. (2003). Arriving at the high-growth firm. *Journal of Business Venturing,* 18(2), pp. 189-216.

Dess, G. G., & Lumpkin, G. T. (2005). The role of entrepreneurial orientation in stimulating effective corporate entrepreneurship. *The Academy of Management Executive*, 19(1), pp. 147-156.

Dlamini, Z. C. (2016). *An assessment of entrepreneurial conditions within Swaziland's national SME policy and an evaluation of their impact on venture growth*. Master's dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Duba, Y. T. (2017). *Effects of financial and human capitals on entrepreneurial propensity: Case of the Uwezo fund program in North Horr, Kenya.* Master's Dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Eby, L. T., Butts, M. M., Durley, J., & Ragins, B. R. (2010). Are bad experiences stronger than good ones in mentoring relationships? Evidence from the protégé and mentor perspective. *Journal of Vocational Behavior*, 77(1), pp. 81-92.

Eggers, F., Kraus, S., Hughes, M., Laraway, S., & Snycerski, S. (2013). Implications of customer and entrepreneurial orientations for SME growth. *Management Decision*, 51(3), pp. 524-546.

Engel, Y., Kaandorp, M & Elfring, T. (2016). Toward a dynamic process model of entrepreneurial process under uncertainty. *Journal of Business Venturing*, 32(1), pp. 35-51.

Entrialgo, M., Fernández, E., & Vázquez, C. J. (2000). Characteristics of managers as determinants of entrepreneurial orientation: some Spanish evidence. *Enterprise and innovation management studies*, *1*(2), pp. 187-205.

Eshima, Y., & Anderson, B. S. (2017). Firm growth, adaptive capability, and entrepreneurial orientation. *Strategic Management Journal*, 38(3), pp. 770-779.

Field, A. (2009). *Discovering statistics using SPSS*. Thousand Oaks, CA: Sage.

Flamholtz, E. (1986). *Managing the Transition from an Entrepreneurship to a professionally managed firm*. San Francisco, CA: JosseyBass.

Fornell, C. & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research,* 18(1), pp. 39-50.

Fraser, S., Bhaumik, S. & Wright, M. (2015). What do we know about

entrepreneurial finance and its relationship with growth? *International Small Business Journal,* 33(1), pp. 70-88.

Frese, M., Brantjes, A., & Hoorn, R. (2002). Psychological success factors of small-scale businesses in Namibia: The roles of strategy process, entrepreneurial orientation and the environment. *Journal of Developmental Entrepreneurship,* 7(3), pp. 259-278.

Fröhlicher, P., & Pothering, J. (2013). *The Enterprise Development Report*. Available from: http://www.aspeninstitute.org/sites/default/files/content/docs/resources/Report_Final_15072013.pdf (Accessed 25th February 2018).

Fuentes, M. D. M. F., Arroyo, M. R., Bojica, A. M. & Pérez, V. F. (2010). Prior knowledge and social networks in the exploitation of entrepreneurial opportunities. *International Entrepreneurship and Management Journal*, 6(4), pp. 481-501.

Garnsey, E. (1998). A theory of the early growth of the firm. *Industrial Corporate Change*, 7(3), pp. 523-556.

Gartner, W. B., & Bellamy, M. G. (2008). *Creating the enterprise*. Boston, MA: Cengage Learning.

Georgieva, N. (2016). *How is high-tech entrepreneurship able to grow in Sofia, Bulgaria? A social capital perspective*. Karlskrona, Sweden: Planet Europe.

Gilbert, B. A., McDougall, P. P. & Audretsch, D. B. (2006). New venture growth: A review and extension. *Journal of Management,* 32(6), pp. 926-950.

Gravells, J. (2006). Mentoring start-up entrepreneurs in the East Midlands – Troubleshooters and trusted friends, *The International Journal of Mentoring and Coaching,* 4(2), pp. 3-23.

Gray, C. & Mabey, C. (2005). Management development: key differences between small and large businesses in Europe. *International Small Business Journal,* 23(5), pp. 467-485.

Greiner, L. (1972). Evolution and revolution as organizations grow. *Harvard Business Review*, 50(5/6), pp. 37-46.

Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C. (2010). *Multivariate data analysis: A global perspective*. Upper Saddle River, NJ: Pearson.

Haire, M. (1959). Biological models and empirical histories of the growth of organizations. In M. Haire (Editor), *Modern Organization Theory*, (pp. 272-306). New York, NY: Wiley.

Hamilton, R. T. (2011). How firms grow and the influence of size and age. *International Small Business Journal,* 30(6), pp. 611-621.

Haron, D. H., Yahya, S., Khalid, S. N. A., & Ganesan, M. Y. (2010). *Cases of successful Malaysian small and medium enterprises (SMEs): Does business advisory services help?* Kuala Lumpur, Malaysia: Malaysian Accountancy Research and Education Foundation (MAREF).

Herrington, M., Kew, P. & Mwanga, A. (2017). *GEM South Africa Report 2016/2017*. Cape Town: The UCT Development Unit for New Enterprise, University of Cape Town.

Hitt, M. A., & Ireland, R. D. (2002). The essence of strategic leadership: Managing human and social capital. *Journal of Leadership and Organization Studies*, 9(1), pp. 3-14.

Hoyle, R. H. (1995). *Structural equation modeling: Concepts, issues, and applications*. London, England: Sage.

Hu, L. T. & Bentler, P. M. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), pp. 1-55.

Huang, S. K., & Wang, Y. L. (2011). Entrepreneurial orientation, learning orientation, and innovation in small and medium enterprises. *Procedia - Social and Behavioral Sciences,* 24(2011), pp. 563-570.

Hughes, M., & Morgan, R. E. (2007). Deconstructing the relationship between entrepreneurial orientation and business performance at the embryonic stage of firm growth. *Industrial Marketing Management*, 36(5), pp. 651-661.

Ingley, C., Khlif, W., & Karoui, L. (2017). SME growth trajectories, transitions and board role portfolios: A critical review and integrative model. *International Small Business Journal*, 35(6), pp. 729-750.

Ireland, D., Hitt, M. A., Sirmon, D. G. (2003). A model of strategic entrepreneurship: The construct and its dimensions. *Journal of Management*, 29(6), pp. 963-989.

Jack, V. & Harris, K. (2007). *Broad-based BEE: The complete guide.* Northcliff, Johannesburg, SA: Frontrunner Publishing (Pty) Ltd.

Jogunola, A. M. (2015). *Attitudes of policymakers and entrepreneurs towards enterprise development performance in the construction industry of South Africa. Master's* dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Jogunola, K. (2013). *The relationship between leadership style and company performance: A study of South African non-listed companies*. Master's dissertation, Stellenbosch: Stellenbosch University.

Justino, M. V. & Tengeh, R. K. (2016). Role of external environmental factors in the failure of small enterprises in Angola, *Environmental Economics*, 7(2), pp. 86-96.

Kanchana, R. S., Divya, J. V. & Beegom, A. A. (2013). Challenges faced by new entrepreneurs, *International Journal of Current Research and Academic Review*, 1(3), pp. 71-78.

Katila, R., & Shane, S. (2005). When does lack of resources make new firms innovative? *Academy of Management Journal*, 48(5), pp. 814-829.

Kauffman Foundation. (2011). *Young Invincibles Policy Brief*. Kansas City, Missouri: Kauffman Foundation.

Kaunda, C. (2012). *Entrepreneurial orientation, age of owner and small business performance in Johannesburg*. Master's Dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Kelley, D. J., Singer, S. & Herrington, M. (2012). *Global Entrepreneurship Monitor*, *2011 Global Report*. Wellesley, MA: Babson College.

Kemelgor, B. H. (2002). A comparative analysis of corporate entrepreneurial orientation between selected firms in the Netherlands and the USA. *Entrepreneurship and Regional Development*, 14(1), pp. 67-87.

Kline, R. B. (2011), *Principles and Practice of Structural Equation Modeling. Structural Equation Modeling*. 3rd edition. New York, NY: Guilford Press.

Koven, S. G., & T. S. Lyons. 2003. *Economic Development: Strategies for State and Local Practice*. Washington DC, WA: International City/County Management Association.

Kram, K. E. (1988). Mentoring at work: Developmental relationships in organizational life. Lanham, England: University Press of America.

Krueger, N. F. (2007). The cognitive infrastructure of opportunity emergence Entrepreneurship (pp. 185-206). New York, NY: Springer.

Kuratko, D. F. & Hodgetts, R. M. (2004). *Entrepreneurship: Theory, Process, and Practice,* 6th edition. Mason, OH: Thomson South-Western.

Lalkaka, R. (2001). "*Best practices" in business incubation: Lessons (yet to be) learned*. Paper presented at the International Conference on Business Centers. Conducted by Actors of Economic and Social Development, Brussels, Belgium.

Lalkaka, R. (2002). Technology business incubators to help build an innovation-based economy. *Journal of Change Management*, 3(2), pp. 167-176

Lee, G. J. (2015). *Business Statistics Made Easy in SAS*. Cary, NC: SAS Institute.

Leeuw, G. (2012). *Microfinance as an aspect of corporate enterprise development and its impact on SMME growth and local economic development in South Africa.* Master's Dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Leitch, C., Hill, F. & Neergaard, H. (2010). Entrepreneurial and business growth and the quest for a 'comprehensive theory': Tilting at windmills? *Entrepreneurship Theory and Practice,* 34(2), pp. 249-260.

Levie, J. & Lichtenstein, B. B. (2010). A terminal assessment of stages theory: Introducing a dynamic states approach to entrepreneurship. *Entrepreneurship Theory and Practice,* 34(2), pp. 317-350.

Li, Y. H., Huang, J. W., & Tsai, M. T. (2009). Entrepreneurial orientation and firm performance: The role of knowledge creation process. *Industrial Marketing Management*, 38(4), pp. 440-449.

Lose, T. (2016). *The role of business incubators in facilitating the entrepreneurial skills requirements of small and medium size enterprises*

in the Cape metropolitan area, South Africa. Master's dissertation. Cape Town, Faculty of Business and Management Sciences, Cape Peninsula University of Technology.

Lose, T., Maziriri, E. T., & Madinga, W. (2016). Assessing the impact of incubation programme to small and medium enterprises development in the Western Cape Province of South Africa. *International Journal of Small Business and Entrepreneurship Research,* 4(4), pp. 16-29.

Lose, T., Tengeh, R. K., Maziriri, E. T., & Madinga, N. W. (2016). Exploring the critical factors that hinder the growth of incubatees in South Africa. *Problems and Perspectives in Management,* 14(3), pp. 698-704.

Love, J. H. & Roper, S. (2015). SME innovation, exporting and growth: A review of existing evidence. *International Small Business Journal*, 33(1), pp. 28-48.

Low, M. B., & MacMillan, I. C. (1988). Entrepreneurship: Past research and future challenges. *Journal of Management*, 14(2), pp. 139-161.

Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of Management Review*, 21(1), pp. 135-172.

Lumpkin, G. T., & Dess, G. G. (2001). Linking two dimensions of entrepreneurial orientation to firm performance: The moderating role of environment and industry life cycle. *Journal of Business Venturing*, 16(5), pp. 429-451.

Masutha, M., & Rogerson, C. M. (2014). Small enterprise development in South Africa: The role of business incubators. *Bulletin of Geography. Socio-economic Series*, 26(26), pp. 141-155.

Masutha, M., & Rogerson, C. M. (2015). Business incubation for small enterprise development: South African pathways. *Urban Forum*, 26(2), pp. 223-241.

Matabooe, M. J., Venter, E., & Rootman, C. (2016). Understanding relational conditions necessary for effective mentoring of black-owned small businesses: A South African perspective. *Acta Commercii*, 16(1), pp. 1-11.

McKelvie, A. & Wiklund, J. (2010). Advancing firm growth research: A focus on growth mode instead of growth rate. *Entrepreneurship Theory and Practice,* 34(2), pp. 261-288.

McKevitt, D., & Marshall, D. (2015). The legitimacy of entrepreneurial mentoring. International *Journal of Entrepreneurial Behavior & Research*, 21(2), pp. 263-280.

McKimm, J., Jollie, C., & Hatter, M. (2007). *Mentoring: Theory and practice.* London, England: NHSE.

Memon, J., Rozan, M. Z. A., Ismail, K., Uddin, M. & Daud, D. (2015). *Mentoring an entrepreneur: Guide for a mentor*. London, England: Sage Open.

Messersmith, J. G., & Wales, W. J. (2011). Entrepreneurial orientation and performance in young firms: The role of human resource management.

International Small Business Journal, 31(2), pp. 115-136.

Miles, M. P., Covin, J. G. & Heeley, M. B. (2000). The relationship between environmental dynamism and small firm structure, strategy, and performance. *Journal of Marketing Theory and Practice*, 8(2), pp. 63-78.

Miller, D. (1983). The correlates of entrepreneurship in three types of firms. *Management Science*, 29(7), pp. 770-791.

Miller, D. (1988). Relating Porter's business strategies to environment and structure: Analysis and performance implications. *Academy of Management Journal,* 31(2), pp. 280-308.

Mokry, B. (1988). *Entrepreneurship and public policy: Can government stimulate business startups?* Westport, CT: Greenwood Press.

Moore, J. H., & Wang, Z. (2017). Mentoring top leadership promotes organizational innovativeness through psychological safety and is moderated by cognitive adaptability. *Frontiers in Psychology*, 8(1), pp. 318-328.

Morales-Nieto, J. (2008). Globalisation of microfinance markets: Some conditions for success, *Africa Growth Agenda*, 2008(4), pp. 6-8.

Moreno, A. M., & Casillas, J. C. (2008). Entrepreneurial orientation and growth of SMEs: A causal model. *Entrepreneurship Theory and Practice,* 32(3), pp. 507-528.

Morgan, K. (2007). The learning region: institutions, innovation and regional renewal. *Regional Studies*, 41(S1), pp. S147-S159.

Morris, M. H., Kuratko, D. F. & Covin, J. G. (2008). *Corporate Entrepreneurship & Innovation*, 2nd edition. Mason, OH: Thomson Higher Education.

Mrkajic, B., & Scalera, V. G. (2015). *Start-ups, incubators and local-global networks in developing and emerging countries: theories and Egypt overview.* Milan, Italy: Politecnico di Milano.

Mthanti, T. (2014). *Essays on Entrepreneurial Growth Nexus: An Aggregate Analysis.* Johannesburg: University of Witwatersrand.

Mutambi, J., Byaruhanga, J. K., Trojer, L., & Buhwed, K. B. (2010). Research on the state of business incubation systems in different countries: lessons for Uganda. *African Journal of Science, Technology, Innovation and Development*, 2(2), pp. 190-214.

NEF (National Empowerment Fund). (2014). *Sculpting black industrialists. National Empowerment Fund Annual Report, 2014*. Available from: www.nefcorp.co.za/Portals/0/ResourceCenter/AnnualReports/2014/NEF_ANNUALREPORT_2014.pdf (Accessed 27 August 2014).

Neneh, B. N., & Van Zyl, J. H. (2014). Growth intention and its impact on business growth amongst SMEs in South Africa. *Mediterranean Journal of Social Sciences,* 5(20), pp. 172-183.

Nieman, G. & Nieuwenhuizen, C. (2009). *Entrepreneurship: A South African Perspective,* 2nd edition. Pretoria: Van Schaik.

Ntlamele, T. (2015). *The efficacy of SMME incubation as a strategy for enterprise development in South Africa*. Master's Dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Nunnally, J. C., & Bernstein, I. (1994). *Psychometric Theory*. New York, NY: McGraw-Hill.

Olawale, F., & Garwe, D. (2010). Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach. *African Journal of Business Management,* 4(5), pp. 729-738.

Omisakin, O., Nakhid, C., Littrell, R., & Verbitsky, J. (2016). Entrepreneurial orientation among migrants and small and medium enterprises. *Journal of Business Administration Research*, 5(1), pp. 7-22

Onwuegbuzie, A., Johnson, R., & Collins, K. (2011). Assessing legitimation in mixed research: a new framework. *Quality & Quantity: International Journal of Methodology*, 45(6), pp. 1253-1271.

OXFAM (Oxford Committee for Famine Relief). (2017). *OXFAM America Annual Report 2017*. Available from: https://www.oxfamamerica.org/static/media/files/2017-Oxfam-America-Annual-Report-web.pdf (Accessed 7 January 2018).

Ozgen, E. & Baron, R. A. (2007). Social sources of information in opportunity recognition: Effects of mentors, industry networks, and professional forums. *Journal of Business Venturing,* 22(2), pp. 174-192.

Parker, S. C. (2004). *The Economics of Self-employment and Entrepreneurship*. Cambridge, England: Cambridge University Press.

Parker, S. K., Bindl, U. K., & Strauss, K. (2010). Making things happen: A model of proactive motivation. *Journal of Management*, 36(4), pp. 827-856.

Penrose, E. T. (1959). *The Theory of Growth of the Firm*. Oxford, UK: Blackwell.

Perrault, E. & McHugh, P. (2015). Toward a life cycle theory of board evolution: Considering firm legitimacy. *Journal of Management & Organization,* 21(5), pp. 627-649.

Phelps, R., Adams, R. & Bessant, J. (2007). Life cycles of growing organisations: A review with implications for knowledge and learning. *International Journal of Management Reviews,* 9(1), pp. 1-30.

Pooe, R. I. D. (2013). Theoretical perspectives and the implementation of the BBBEE policy framework, *Mediterranean Journal of Social Sciences,* 4(14), pp. 635-642.

Pooe, R. D. (2016). The latest 'big thing' for South African companies: enterprise and supplier development-proposing an implementation framework. *Journal of Transport and Supply Chain Management*, 10(1), pp. 1-12.

Pretorius, M. & Shaw, G. (2004). Business plans in bank decision-making when financing new ventures in South Africa. *South African Journal of Economic and Management Sciences*, 7(2), pp. 221-241.

Qualtrics (2018). (Computer programme). Seattle, Washington: Qualtrics.

Rauch, A., Wiklund, J., Lumpkin, G. T., & Frese, M. (2009). Entrepreneurial orientation and business performance: An assessment of past research and suggestions for the future. *Entrepreneurship Theory and Practice*, 33(3), pp. 761-787.

Reijonen, H., Tammi, T., & Saastamoinen, J. (2016). SMEs and public sector procurement: Does entrepreneurial orientation make a difference? *International Small Business Journal,* 34(4), pp. 468-486.

Ricketts, M. (2006). Theories of entrepreneurship: historical development and critical assessment. In M. Casson, B. Yeung, A. Basu, & N. Wadeson, (Editors), *The Oxford Handbook of Entrepreneurship*, (pp. 33-58). Oxford, England: Oxford University Press.

Robinson, S., & Stubberud, H. A. (2014). Elements of entrepreneurial orientation and their relationship to entrepreneurial intent. *Journal of Entrepreneurship Education,* 17(2), pp. 1-12.

Rogerson, C. M. (2010). Local economic development in South Africa: Strategic challenges. *Development Southern Africa*, 27(4), pp. 481-495.

Rootman, C., & Kruger, J. (2010). Adapting SMME business functions during economic turmoil. *Acta Commercii*, 10(1), pp. 107-119.

Rosenbusch, N., Rauch, A., & Bausch, A. (2013). The mediating role of entrepreneurial orientation in the task environment-performance relationship: A meta-analysis. *Journal of Management*, 39(3), pp. 633-659.

Rosseel, Y. (2012). Lavaan: An R package for structural equation modeling and more. Version 0.5–12 (BETA). *Journal of Statistical Software*, 48(2), pp. 1-36.

RSA (Republic of South Africa). (1996). *National Small Business Amendment Act, No. 102 of 1996.* Pretoria: Government Printers

RSA (Republic of South Africa). (2003). *The Broad-Based Black Economic Empowerment Amendment Act, No. 53 of 2003*. Government Gazette, No. 25899. Pretoria: Government Printers.

RSA (Republic of South Africa). (2013). *The Broad-Based Black Economic Empowerment Amendment Act, No. 46 of 2013*. Government Gazette, No. 37271. Pretoria: Government Printers

Rutherford, M. W., Buller, P. F. & McMullen, P. R. (2003). Human resource management problem solver: The life-cycle of small to medium-sized firms. *Human Resource Management,* 42(4), pp. 321-335.

Ryan, G. (2012). *A comparison of enterprise development models in South Africa using case studies*. Master's dissertation. Johannesburg: Faculty of Humanities, University of Witwatersrand.

Said, M. F., Adham, K. A., Abdullah, N. A., Hänninen, S., & Walsh, S. T. (2012). Incubators and government policy for developing IT industry and region in emerging economies. *Asian Academy of Management Journal*, 17(1), pp. 65-96.

Scandura, T. A. & Ragins, B. R. (1993). The effects of sex and gender role

orientation on mentorship in male-dominated occupations. *Journal of Vocational Behavior,* 43(3), pp. 251-265.

Schiopu, A. F., Vasile, D. C., & Tuclea, C. E. (2015). Principles and best practices in successful tourism business incubators. *Amfiteatru Economic*, 17(38), pp. 474-487.

Schumpeter, J. A. (1942). *Capitalism, Socialism and Democracy.* New York, NY: Harper & Brothers.

Schwartz, M. (2011). Incubating an Illusion? Long‐term incubator firm performance after graduation. *Growth and Change*, 42(4), pp. 491-516.

Seeger, M. W. (1997). *Ethics and organizational communication*. New York, NY: Hampton Press.

Segal, G., Borgia, D., & Schoenfeld, J. (2005). The motivation to become an entrepreneur. *International Journal of Entrepreneurial Behavior & Research*, 11(1), pp. 42-57.

Şehitoğlu, Y., & Özdemir, O. (2013). The impact of business incubation on firm performance during post-graduation period: Turkey example. *British Journal of Arts and Social Sciences*, 12(1), pp. 171-190.

Shale, M. (2009). *An exploration of effectiveness of enterprise development initiative, in the context of broad-based black economic empowerment, within the McCarthy franchised retail motor dealers in South Africa.* Masters dissertation. Pretoria: University of Pretoria.

Shane, S., & Venkataraman, S. (2000). The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), pp. 217-226.

Sithole, G. W. (2017). *The impact of institutional support on entrepreneurial capabilities and performance: A study of SME beneficiaries of developmental agencies based in Tshwane*. Doctoral dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Sosik, J. J., & Godshalk, V. M. (2000). Leadership styles, mentoring functions received, and job-related stress: A conceptual model and preliminary study. *Journal of Organizational Behavior*, 21(4), pp. 365-390.

SPSS. (n.d.). (Computer programme). Armonk, NY: IBM.

St-Jean, E., & Audet, J. (2009). Factors leading to satisfaction in a mentoring scheme for novice entrepreneurs. *International Journal of Evidence Based Coaching & Mentoring,* 7(1), pp. 148-161.

St-Jean, É., & Mitrano-Méda, S. (2016). Should Mentors of Entrepreneurs be Trained or their Experience is Enough? In M. Franco (Ed.) *Entrepreneurship-Practice-Oriented Perspectives,* (pp. 39-61). London, England: InTech.

Stokan, E., Thompson, L., & Mahu, R. J. (2015). Testing the differential effect of business incubators on firm growth. *Economic Development Quarterly*, 29(4), pp. 317-327.

Sullivan, R. (2000). Entrepreneurial learning and mentoring. *International*

Journal of Entrepreneurial Behaviour & Research, 6(3), pp. 160-175.

Sutton, J. (1997). Gibrat's legacy. *Journal of Economic Literature*. 35(1), pp. 40-59.

Tengeh, R. K., & Choto, P. (2015). The relevance and challenges of business incubators that support survivalist entrepreneurs. *Investment Management and Financial Innovations*, 12(2), pp. 150-161.

Terblanché, S.E. (2011). Mentorship a key success factor in sustainable land reform projects in South Africa. *South African Journal of Agricultural Extensions,* 39(1), pp. 55-74.

Thindisa, L. M. V. (2014). *Participation by smallholder farming entrepreneurs in agro-processing activities in South Africa.* Master's dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Thompson, J. & Downing, R. (2007). The entrepreneur enabler: identifying and supporting those with potential. *Journal of Small Business and Enterprise Development*, 14(3), pp. 528-544.

Timmons, J., & Spinelli, S. (2004). *New venture strategies: Entrepreneurship for the 21st century.* Burr Ridge, IL: Irwin-McGraw-Hill Publishers.

Urban, B. (2009). Opportunity recognition: delineating the process and motivators for serial entrepreneurs: analysis of survey data. *South African Journal of Economic and Management Sciences*, 12(4), pp. 513-532.

Urban, B., & Wood, E. (2015). The importance of opportunity recognition behaviour and motivators of employees when engaged in corporate entrepreneurship. *Journal of Business Economics and Management*, 16(5), pp. 980-994.

Urban, B., Barreria, J., & Nkosi, B. T. (2012). Linking corporate entrepreneurship and culture to firm performance in the South African ICT sector*. Journal of Contemporary Management,* 9(1), pp. 300-323.

Urban, B., Van Vuuren, J. & Barreira, J. D. (2008). High-growth entrepreneurs: The relevance of business knowledge and work experience on venture success. *Journal of Contemporary Management,* 5(1), pp. 58-71.

Valliere, D. (2006). Consequences of growth: shaping entrepreneurial attitudes. *International Journal of Entrepreneurship and Innovation*, 7(3), pp. 141-148.

Van der Sijde, P. & Weijmans, G. (2013). Benefits and impact of mentoring for entrepreneurs: the entrepreneur's perspective. *International Journal of Human Resource Studies*, *3*(4), 194-204.

Van Geenhuizen, M., Middel, R., Lassen, A. H. (2008). *Corporate Entrepreneurship in SMES During the Search for Discontinuous Innovations*. Paper presented at 9th International CINet Conference: Radical Challenges in Innovation Management. Conducted by Aalborg University, Aalborg, Denmark.

Wales, W. (2016). Entrepreneurial Orientation: A review and synthesis of promising research directions. *International Small Business Journal*, 34(1), pp. 3-15.

Wales, W. J., Gupta, V. K., Mousa, F. T. (2011), Empirical research on entrepreneurial orientation: An assessment and suggestions for future research. *International Small Business Journal*, 3(4), pp. 357-383.

Walter, A., Auer, M., & Ritter, T. (2006). The impact of network capabilities and entrepreneurial orientation on university spin-off performance. *Journal of Business Venturing*, 21(4), pp. 541-567.

Wang, C. L., & Altinay, L. (2012). Social embeddedness, entrepreneurial orientation and firm growth in ethnic minority small businesses in the UK. *International Small Business Journal*, 30(1), pp. 3-23.

Wang, Y.-H., Hu, C., Hurst, C. S., & Yang, C.-C. (2014). Antecedents and outcomes of career plateaus: The roles of mentoring others and proactive personality. *Journal of Vocational Behavior*, 85(3), pp. 319-328.

Wennekers, S., & Thurik, R. (1999). Linking entrepreneurship and economic growth. *Small Business Economics*, 13(1), pp. 27-56.

Wiklund, J. (1999). The sustainability of the entrepreneurial orientation-performance relationship. *Entrepreneurship Theory and Practice*, *24*(1), pp. 37-48.

Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24(13), pp. 1307-1314.

Wiklund, J., & Shepherd, D. (2005). Entrepreneurial orientation and small business performance: A configurational approach. *Journal of Business Venturing*, 20(1), pp. 71-91.

Wiklund, J., Davidsson, P. & Delmar, F. (2003). What do they think and feel about growth? An expectancy-value approach to small business managers' attitudes toward growth. *Entrepreneurship Theory and Practice* 27(3), pp. 247-270.

Wilbanks, J. E. (2013). Mentoring and entrepreneurship: examining the potential for entrepreneurship education and for aspiring new entrepreneurs. *Journal of Small Business Strategy,* 23(1), pp. 93-101.

Wood, E. A. (2012). *Perceptions of opportunity recognition behaviour in the South African financial sector*. Master's dissertation. Johannesburg, Faculty of Commerce, Law and Management, University of the Witwatersrand.

Wright, M. & Stigliani, I. (2012). Entrepreneurship and growth. *International Small Business Journal,* 31(1), pp. 3-22.

Yue, W. & Hanxiong, W. (2011). *Analysis of enterprise development strategies based on the features of different stages in enterprise life cycle*. Proceedings of the 8th International Conference on Innovation & Management. Conducted by Yamaguchi University, Kitakyushu, Japan.

Zahra, S. A. & Garvis, D. M. (2000). International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. *Journal of Business Venturing,* 15(5-6), pp. 469-492.

Zeebaree, M. R. Y., & Siron, R. B. (2017). The impact of entrepreneurial orientation on competitive advantage moderated by financing support in SMEs. *International Review of Management and Marketing*, 7(1), pp. 43-52.

APPENDIX A

Research Instrument

Annexure C: Questionnaire

SECTION A: General Information

The section is asking your demographic information. Please indicate your answer by ticking (X) on the appropriate box. All reference to “the company” relates to your specific company throughout the questionnaire. The questions are strictly for research purpose only.

1. My current position in the company is:

Owner	
Co-owner	
Director	
Manager	
Employee	
Other (please specify)	

2. Please answer Yes or No

Are you participating in an incubation program?	Yes	No
Are you a beneficiary of an Enterprise Development Program?	Yes	No
Do you have a business mentor?	Yes	No

3. Please indicate your age category

Under 18 years	
18 – 25 years	
26 – 35 years	
36 - 45 years	
Above 45 years	

4. What is your company turnover per annum?

Below R5m	
Between R5m – R10m	
Between R10m – R50m	
Above R50m	

5. What is the current number of employees?

Between 1 - 49	
Between 50 - 149	
150 and above	

6. In which industry does your company mainly operate?

Agriculture, forestry and fishing	
Mining and quarrying	
Manufacturing	
Electricity, gas, steam and air conditioning supply	
Water supply; sewerage, waste management and remediation activities	
Construction	
Wholesale and retail trade; repair of motor vehicles and motorcycles	
Transportation and storage	
Accommodation and food service activities	
Information and communication	
Financial and insurance activities	
Real estate activities	
Professional, scientific and technical activities	
Administrative and support service activities	
Public administration and defence; compulsory social security	
Education	
Human health and social work activities	
Arts, entertainment and recreation	
Other service activities	

SECTION B: Measurement Scales

Entrepreneurial Orientation:

The following statements are meant to identify the collective management style of your company's key decision-makers. Please indicate which response most closely matches the management style of your company:

Please indicate the extent to which you agree or disagree with the statement by ticking the corresponding number in the 7 point scale below:

Please indicate to what extent you agree or disagree with each statement:								
		Strongly disagree	**Disagree**	**Slightly disagree**	**Neutral**	**Slightly Agree**	**Agree**	**Strongly agree**
	In general the top managers of my company favours:							
1	A strong emphasis on Research & Development, technological leadership, and innovation							
2	High-risk projects with chances of very high returns							
3	A bold, aggressive posture in order to maximise the probability of exploiting potential when faced with uncertainty							
4	In general, the top managers of my company believe that owing to the nature of the environment bold, wide-ranging acts are necessary to achieve the firm's objectives							
	In dealing with our competitors, my company typically:							
5	Initiates actions to which competitors respond							
6	Is very often the first firm to introduce new products /services, operating technologies etc.*							
7	Adopts a very competitive, "undo-the-competitor" (Kill the competitor) posture / stance.							
	How many new lines or products have your company launched in the past year?							
8	Our top managers encourages new product ideas							
9	Changes in products or services have usually been quite dramatic							

Business Growth:

Please indicate the extent to which you agree or disagree with each statement as it applies to your business growth.

Please indicate to what extent you agree or disagree with each statement:								
		Strongly disagree	**Disagree**	**Slightly disagree**	**Neutral**	**Slightly agree**	**Agree**	**Strongly agree**
1	Growth is not necessarily our top objective. Long-term survival may be at least as important							
2	It is generally known throughout the firm that steady and sure growth is the best way to expand							
3	It is generally known throughout the firm that growth is our top objective							
4	It is generally known throughout the firm that our intention is to grow as big and as fast as possible							
5	The firm has grown from inception with annual turn- over indicating this growth							
6	The firm has grown from inception with an increase in annual profits indicating this growth							
7	The firm has grown from inception with an increase in sales indicating this growth							
8	The firm has grown from inception with an increase in the number of employees indicating this growth							
9	The firm has grown from inception with an increase in assets indicating this growth							

Mentorship:

The following questions are meant to assess opportunity recognition behaviours by your business mentor:

Please indicate to what extent you agree or disagree with each statement:								
		Strongly disagree	**Disagree**	**Slightly disagree**	**Neutral**	**Slightly agree**	**Agree**	**Strongly agree**
1	My mentor understand the needs of my customers							
2	My mentor proposes opportunities that meet my customer needs							
3	My mentor is able to identify an opportunity more quickly than others							
4	My mentor that realises new opportunities are important for the development of my company							
5	My mentor uses a step-by-step process in order to identify opportunities							
6	My mentor is creative in identifying opportunities							
7	My mentor draws on his or her experience in order to identify opportunities for my company							
8	My mentor relies on others to identify opportunities for my company							
9	Brainstorming ideas with my mentor produces opportunities							

APPENDIX B

Cover Letter



Annexure A: Cover letter

The University of Witwatersrand
Graduate School of Business Administration
Cell: ……..
Email:..……..
Date: …….

Dear Sir/Madam

"Entrepreneurial Orientation: the moderating effect of mentorship on Enterprise Development and SME growth in South Africa"

Dear Sir/Madam,

My name is Ashwin Willemse, a Masters of Management student in Entrepreneurship and New Venture Creation at the University of Witwatersrand Business School (Wits Business School), Johannesburg. You are herewith invited to participate in my research by completing the accompanying questionnaire.

My research title is: "Entrepreneurial Orientation: the moderating effect of mentorship on Enterprise Development and SME growth in South Africa". The purpose of this research is to examine the effects of Entrepreneurial Orientation on the growth of SMEs participating in Enterprise Development initiatives when moderated by mentorship. The questionnaire is divided into Annexure A, B and C. With Annexure A, consisting of the cover letter and Annexure B the consent

form. Annexure C, is the questionnaire; Section A covers general information questions. Section B includes the different measurement scales. Section B (1) asks questions with regard to Entrepreneurial Orientation, (2) consists of questions that relates to business growth and (3) is looking at mentorship and the role of the mentor in helping the mentee. These questions should be completed in more or less 20 minutes.

What will happen if you choose to participate in the research?

1. The research does not present any risk/harm to you if you participate.
2. Your responses to all questions are greatly appreciated and there are no wrong or right answers.
3. This research is for academic purposes only and the results from the study will be reported only in my thesis and journal articles. Your responses remain strictly confidential and will not be shared with anyone else.
4. In the next section you are requested to accept the consent form to indicate your voluntarily participation in the research.

The Wits Business School research panel approved the research study. Should you have queries related to the research, please feel free to contact my supervisor: Dr McEdward Murimbika on Email: murimbikam@ftt580.com. You may directly request copies of the results of the research to me on willemseashwin@gmail.com.

Ashwin Willemse

Consent Form

Annexure B: Consent Form

I hereby agree to participate in research on **Entrepreneurial Orientation: the moderating effect of mentorship on Enterprise Development and SME growth in South Africa**. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop participating at any point should I not want to continue and that this decision will not in any way affect me negatively.

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

I understand that my participation will remain confidential.

Signature of participant .....

Date: .....

APPENDIX C

Consistency Matrix

Research Problem: As a country, South Africa is faced with tremendous socio economic and political challenges. The growing unemployment rate, especially among young people, is regarded as one of the critical issues for government and the private sector.					
Research Questions	**Literature Review**	**Hypotheses**	**Source of data**	**Type of data**	**Analyses**
1. What is the impact of EO on the growth of SMEs participating in ED programs?	*Growth*: Penrose, 1959; Leeuw, 2012; Moreno & Casillas, 2008; Urban et al., 2008; 2012 Eggers et al., 2013; Carton & Hofer, 2006; Davidson et al., 2009; Rauch et al., 2009; Garnsey, 1998; Kuratko & Hodgetts, 2004; Timmons & Spinelli, 2004; Bygrave & Zacharakis, 2008; Davidsson et al., 2006; Phelps et al., 2007; Sutton,1997; Hamilton, 2012; Gilbert et al., 2006; Wiklund et al., 2003; Baum et al., 2011; Fraser et al., 2015; Parker, 2004; Valliere, 2006; Bamiatzi & Kirchmaier, 2012; Clarysse et al., 2011; Leitch et al., 2010; Lose, Maziriri et al., 2016; Choto et al., 2014; Olawale, 2010; Ryan, 2012; Houghton, 2017; Thurik & Wenneker, 1999; Wright & Stigliani, 2012; Neneh & van Zyl, 2014; Dlamini, 2016 *EO*: Covin & Slevin, 1989; Lumpkin & Dess, 1996; Rauch et al., 2009; Covin & Miller, 2013; Wales, 2016; Mthanti, 2014; Becherer & Maurer, 1997; Lumpkin & Dess, 2001; Davidsson et al., 2002; Hitt et al., 2002; Miller, 1983; Covin & Slevin, 1986, 1988; Wiklund, 1999; Kemelgor, 2002; Wiklund & Shepherd, 2005; Zahra & Garvis, 2000; Schumpeter, 1942; Lumpkin & Dess, 2005	H1: There is a positive relationship between EO and SME Growth	Survey questions based on Miller/Covin & Slevin Scale Growth measurement scale based on Dlamini (2016)	Ordinal	Descriptive analysis Confirmatory factor analysis Correlation Multivariate regression

Research Problem: As a country, South Africa is faced with tremendous socio economic and political challenges. The growing unemployment rate, especially among young people, is regarded as one of the critical issues for government and the private sector.					
Research Questions	**Literature Review**	**Hypotheses**	**Source of data**	**Type of data**	**Analyses**
2. Does mentorship moderate the relationship between EO and growth of SMEs participating in ED programs?	*Mentorship*: Matabooe, 2016; Eby et al., 2010; McKimm et al., 2007; Kram, 1985; Sullivan, 2000; Krueger, 2007; Engel et al., 2016; St-Jean & Audet, 2009; Sithole, 2017; Adeniran & Johnston, 2011; Cull, 2006; Gravells, 2006; Ozgen & Baron, 2007; Fuentes et al., 2010; Shane & Venkataraman, 2000; Urban, 2009; Eshima & Anderson, 2016; Moore & Wang, 2017	H2: Mentorship positively moderates the relationship between EO and growth of SMEs	Survey questions based on Miller/Covin & Slevin Scale Opportunity Recognition Behaviour Scale adopted from Wood (2012)	Ordinal	Descriptive analysis Confirmatory factor analysis Correlation Multivariate regression