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# An assessment of entrepreneurial conditions within Swaziland's National SME Policy and an evaluation of their impact on venture growth.

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

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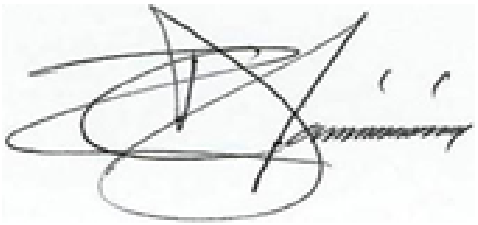
# ABSTRACT

With a struggling economy characterised by high levels of poverty and unemployment, it makes sense that Swaziland should prioritise the growth of new ventures in a bid to foster economic growth through ensuring accelerated SME growth. However, the country's SME policy notes significant problems which hinder venture growth, particularly pertaining to SMEs access to finance, markets, entrepreneurship education and training, as well as business support programmes, business regulation and contract enforcement. This study seeks to evaluate the impact these factors have on the growth of SMEs in a bid to ascertain the extent of this impact, and further to make recommendations on how the rhetoric and practice of entrepreneurship can be shaped to foster high growth entrepreneurship within this milieu. This is done based on an analysis of data collected through a quantitative survey conducted amongst SMEs incubated within the country's only public incubator, SEDCO. The findings are drawn from a correlation and multiple regression analysis, with the latter aiming to ascertain causality between these conditions and venture growth. Through this, the study found that the variables of access to finance, markets, education and training, business support programmes, business regulation and contract enforcement are significant predictors of venture growth, thus more needs to be done to ensure that inefficiencies within these are addressed to bolster levels of SME growth. The study contributes theoretically to the entrepreneurial landscape in that it comes at a point where there is no current research assessing the enablers and inhibitors of venture growth within Swaziland. It is of further practical significance in that it broaches the subject of high growth entrepreneurship in an environment laden with necessity, survivalist entrepreneurs whilst it is the former that is perceived to have a significant impact on the economy.

# DECLARATION

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



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Zethu C. Dlamini

15 June 2016

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# CHAPTER 1: INTRODUCTION

## 1.1. Purpose of the study

The purpose of this research was to assess the entrepreneurial conditions identified within Swaziland's National SME Policy (MEE, 2004) and to evaluate their impact on venture growth within the country. Given the widely accepted notion that entrepreneurs play a significant role in an economy as expressed in extant literature (Eckhardt and Shane, 2003; Gnywali and Fogel, 1994; Shaker and Wright, 2011), a focus on the emergence and growth of firms is not misplaced when one considers the impact it is perceived to have on macro-economic growth. With due cognizance given the role of entrepreneurs and the enterprises they create, it follows that the establishment and growth of firms be prioritised along with the factors that contribute to this. Shane (2003) points out that venture growth is a product of both the individual and the environment hence it is clear that any probe into the subject runs the risk of reductionism if it does not focus on factors relating to either one or the other, or even both.

Accordingly, this study focused less on the individual and more on the external enablers or inhibitors to growth. This is to say that it sought to look into the conditions that are perceived to provide a conducive environment for entrepreneurs within the Swazi milieu. Focusing on these conditions suggests that context is a core determinant of venture success because the particularities inherent within each context contribute to the success of these ventures or the lack thereof (Niels et al., 2012; Moroz and Hindle, 2012). It is not misguided then to place the entrepreneurial conditions set out by the SME policy (MEE, 2004) at the core of this study, because policy informs the entrepreneurial landscape and often gives a clearer picture of a country's intentions, which should translate to the priorities it sets for itself and, by association, the reality its entrepreneurs are faced with as they establish and grow their ventures.

Given the aforementioned, the study's core intent was to identify these conditions and gauge their influence on the realities of entrepreneurial firms, as well as to ascertain whether they contribute to growth. After all, dominant theoretical views have pointed to the importance of policy in the creation of an enabling environment for entrepreneurship (Gnywali and Fogel, 1994; Li, 2002; Biggs and Shah, 2006). In essence, at the core of this study is the need to ascertain the veracity of the assertion that, if favourable, entrepreneurial conditions lead to venture growth through, amongst other things, addressing existing inefficiencies in the entrepreneurial landscape. Such assertions have been at the core of studies examining entrepreneurial activity, both directly and indirectly. Notably, they have also been at the centre of the findings of the Global Entrepreneurship Monitor (Niels et al., 2012), whose original framework identified government policies as part of the entrepreneurial framework conditions that lead to the development of entrepreneurial capacity, skills and motivation, thereby contributing to the birth, expansion, contraction and failure of entrepreneurial firms.

## 1.2. Context of the study

Even a cursory look at Swaziland's socio-economic context raises red flags, which do not paint a good picture for the country and its just over 1.2 million people, 70% of whom live in rural areas (MCIT, 2010). The country's economy is struggling; in 2014 it accepted a 2% deceleration in economic growth due to an over-reliance on Southern African Customs Union (SACU) receipts, which made up 60% of the government's revenue (MCIT, 2014). Poverty and unemployment remain the biggest challenges facing the country yet the number of start-up businesses remains low, hence the need to focus on entrepreneurship in general and entrepreneurial conditions in particular, as these are perceived to lay the base not just for increasing the rate of start-ups, but also for accelerating the level of venture growth.

Yet, if entrepreneurship is as beneficial as it is made out to be, should it not then follow that a significant focus on entrepreneurship should be seen within the local setting? Despite this sentiment, a brief exploration of the Swazi context showed that

from a theoretical perspective, only one noteworthy national study has been conducted with regards to micro, small and medium enterprises. This took the form of a countrywide census, which was conducted in 2010 with the core aim of providing a comprehensive database of SMEs (MCIT, 2010). Unfortunately this survey was not repeated despite the fact that this would have been a significant tool for both policy makers and implementers in their bid to enhance entrepreneurial conditions. From a practical perspective, the enactment of the SME National Policy (MEE, 2004) can be said to be a significant milestone which reflects the country's prioritisation of entrepreneurship but it is the actual impact of this policy on entrepreneurs that can be questioned hence the study's focus on the impact of entrepreneurial conditions set out within the policy.

The results of the census were key to informing the context of this study; the census counted a total of 4,926 SMEs, with 3,322 being formally registered companies and 1,604 of them being unregistered. Most of these small businesses were trading within the urban areas, being concentrated in two predominantly urban regions. Also significant is that these SMEs were found to be owner managed and run businesses, which meant that the number of employees within them were low, with a significant proportion having less than three employees including the owner (MCIT, 2010). This would seem to be an indication that the environment is characterised by smaller sized firms. With due cognisance given to these factors, it would be sensible for the government to prioritise entrepreneurship by ensuring that an enabling environment exists. In the context of this study, the role governments play is seen as vital as the policies they enact could improve entrepreneurial activity, which can in turn act as a tool for addressing the severe macro-economic problems (Castanhar, Dias and Esperance, 2008) plaguing many developing countries, particularly where unemployment is concerned (Brixiová, Ncube and Bicab, 2014).

In a bid to enhance entrepreneurial conditions the Swazi government enacted the policy mentioned above, as the country is characterised by missed opportunities in economic empowerment and therefore needs to encourage the growth of

sustainable businesses to address its economic needs (MEE, 2004). Despite the enactment of this, studies have indicated that 70% of new businesses in Swaziland still fail within three years, which is a higher rate than the international average of approximately 60% (Bukutu, 2010; Herron, 1998). This is in spite of the fact that the policy set its objectives as: a) promoting economic growth; b) increasing employment opportunities; c) alleviating poverty through sustainable livelihoods; and d) increasing the indigenous ownership of firms (MEE, 2004).

However, even a cursory scan shows that notwithstanding the intention of the policy, there is a discrepancy between what it states and the reality of actual venture establishment and growth. Thus this study then sought to isolate factors that the policy identified as conditions that are necessary for entrepreneurship to thrive, and adopted them as key entrepreneurial conditions and significant components of context. These are: a) access to finance; b) access to markets; c) business regulation; d) contract enforcement; e) entrepreneurship education and training; and f) business support programmes (MEE, 2004). With this considered, it was necessary to ascertain whether the dictates of these conditions are a reality for SMEs as would be evidenced by the success of entrepreneurs within Swaziland.

## 1.3. Problem statement

### 1.3.1. Main problem

Given the context outlined above, it was clear that an assessment of entrepreneurial conditions and how they impact the growth of firms in this locale is essential. What was also evident was that for this assessment to have a significant impact there were issues that needed to be considered. These are addressed by this study in its review of literature, as these had a bearing on the main problem outlined below as:

*Assessing entrepreneurial conditions within Swaziland's national SME policy and evaluating their impact on venture growth.*

An evaluation of the problem demanded that the context specificity of entrepreneurship be considered along with the institutional framework informed by this context, as well as the role of policy in venture growth along with the efficacy of such a policy. The first, context specificity, called for the recognition of difference, that is, the acknowledgement that ventures grow because of the particularities inherent in their individual political, social, macro and micro settings. Therefore, all things related to an individual's orientation and their entrepreneurial capacity considered, success or failure in entrepreneurship hinges largely on the environment (Estrin, Korosteleva and Mickiwicz, 2013).

Secondly, the institutional framework is said to show great promise for analysing entrepreneurship (Thornton, Ribeiro-Soriano and Urbano, 2011; Welter and Smallbone, 2008) as "firms are embedded in country-specific institutional arrangements" (Busenitz, Gomez and Spencer, 2000:994). These arrangements define the societal norms that act as formal and informal guidelines to enterprise formation and development (Amoako and Lyon, 2013; Kibler and Kautonen, 2014). In essence, in order to grow, entrepreneurs need to adhere to a pre-set line – rules which can be written or unwritten, specified or perceived – so as to ensure that their entrepreneurial exploits are a success. Policy provides part of this guide by formalising the conditions considered necessary for the success of firms. Thirdly, venture growth and the influence of policy on growth considers that the latter comes about as a result of "a variety of interrelated micro and macro domains" (Baum, Locke and Smith, 2001:292). It is therefore fitting that entrepreneurial conditions be considered because they are fundamental in shaping the nature of these 'micro' and 'macro' domains and therefore are a mirror for the entrepreneurial ambience within these, serving to influence how firms grow from a sales, turnover, employee and profit perspective. Notably, the entrepreneurial conditions assessed as stated in the main problem are aligned to the following sub-problems:

### 1.3.2. Sub-problems

i. **Sub-problem 1:** Evaluating how access to finance affects venture growth.

ii. **Sub-problem 2:** Determining the extent to which access to markets leads to venture growth.

iii. **Sub-problem 3:** Assessing how business regulation influences venture growth.

iv. **Sub-problem 4:** Evaluating the impact of contract enforcement on venture growth.

v. **Sub-problem 5:** Assessing how entrepreneurial training and education impacts venture growth.

vi. **Sub-problem 6:** Evaluating how business support programmes impact venture growth.

## 1.4. Significance of the study

Given that there is no statistical data to provide a current profile of the nature and magnitude of SMEs within Swaziland, the significance of this study is both theoretical and practical. It will serve to provide a clear picture of whether there is a mismatch between policy tenets as seen through the entrepreneurial conditions outlined within policy and actual venture growth on the ground. Therefore its significance for the practice of entrepreneurship is thus that it sought to examine problematic factors within the current context and determine just how much their influence can be seen on venture growth. It did this by assessing, on the one hand, whether the policy has identified conditions that have no bearing on the Swazi context or, on the other hand, whether it is the actual implementation of the policy dictates that is flawed. This is useful for policy makers and implementers as an evaluative measure of the entrepreneurial landscape. The study further assessed the institutional framework so as to ascertain what elements within it impede or enhance effective policy application.

In addition to the above, the study's significance lies in its context specificity, which is essential given that the literature points to the need to evaluate the emergence and growth of new firms within their context (Fritsch and Schmude, 2007). From a theoretical point of view, this study is valuable in that it broaches the subject of venture growth within the Swazi context, where traditionally entrepreneurship and small businesses have largely been seen from a survivalist perspective. As a result of this reductionist outlook, very little research has been undertaken on how to convert domestic SMEs into high growth, high opportunity enterprises that contribute to: 1) job creation; 2) innovation; and 3) productivity on a national level, as has been said of entrepreneurship in other contexts (Audretsch, 1995). The study's theoretical significance is also augmented by the fact that it comes at a point where there is a notable dearth of studies that focus on entrepreneurship within Swaziland, particularly from a venture growth perspective.

## 1.5. Delimitations of the study

This study focused on small and medium enterprises and does not include ventures that were established for a period of more than ten years or had an annual turnover of over E2 million, regardless of their size. Also, although the research does a lot to interrogate the factors that enhance or inhibit entrepreneurial growth, it is limited in that it does not provide a longitudinal view of SME growth in Swaziland. In essence, a clearer view of venture growth would be attained by studying SMEs over a period of time and collating data that could be comparatively analysed to provide a picture of the magnitude and actual rate of growth. Offsetting this delimitation would have been possible if there were year-on-year data that detailed entrepreneurial activity and therefore gave an indication of the fluctuations in the levels of growth, but this was not the case given the lack of research in this area.

Another delimitation is that the entrepreneurial conditions set out by the private sector were not included. Including these would have provided a more holistic outlook as it would have allowed the researcher to delve into entrepreneurial issues that are dealt with on a micro-economic scale as opposed to just broad macro-economic issues. While the former takes its being from the latter, the views of the private sector could have provided a more detailed, intricate viewpoint on

entrepreneurial conditions as this sector deals addresses SME issues on a more direct and practical level as opposed to just from a policy perspective. This is not to suggest that the views of extrapolated from policy are less important however, but simply that the inclusion of private sector views on SMEs in Swaziland would have lent more insights to the study, as opposed to just a focus on the policy itself as a framework document.

## 1.6. Definition of terms

**ENTREPRENEURIAL CONDITIONS:** Entrepreneurial conditions, as referred to in this study, means the factors identified within the problem statement of the National SME policy. These were isolated for the study and taken to be the basic tenets needed to facilitate the success of small enterprises within the Swazi context. This is particularly because the SME policy states unequivocally that the absence of or inadequacy of any of these presents challenges for the development of the SME sector in Swaziland (MEE, 2004).

**VENTURE GROWTH:** The term 'venture growth' refers to the perceived or actual progression of entrepreneurial ventures. In this study the elements of growth that were looked into pertain to growth orientation as well as tangible growth factors, including a) increase in firm annual turnover; b) increase in annual profits; c) increase in annual sales; and d) increase in the number of employees. Although other factors might be considered to be indicators of growth, an exploration of the literature points to these as the most common measures (refer to the literature review for further details on this concept).

**NATIONAL SME POLICY:** The National SME Policy on Small and Medium Enterprises (SMEs) is a policy statement by the government of Swaziland which "sets out the vision, intention and strategy of the Kingdom of Swaziland on SME development" (MEE, 2004). This policy aims to bolster Swazi ownership of small and medium enterprises as well as to ensure their inclusion in foreign markets. At

inception it was also aimed at addressing poverty through the creation of employment. The policy was drafted and enacted under the then Ministry of Enterprise and Employment (MEE), which is now called the Ministry of Commerce, Industry and Trade (MCIT).

**SME:** Of the challenges faced by entrepreneurship studies, one of the most common is the definitional issue as to what constitutes an SME. For the purposes of this study, the definition of an SME is taken from the SME Policy itself, which categorises SMEs according to the value of assets owned, number of staff employed, and the annual turnover.

**BUSINESS SUPPORT PROGRAMMES:** Within the context of the study, business support programmes refer to the formalised provision of help and advice for small business owners (MEE, 2004). This includes both paid-for and not-paid-for services offered to entrepreneurs by the government and private and public institutions.

## 1.7. Assumptions

The main assumptions made during this study were the following:

- The universal assumption was that the respondents, given their positions in SMEs that were already operating, had been exposed to the business environment within their regions long enough to understand the context-specific particularities, and could therefore respond to questions relating to the conditions being interrogated.

- With regards to the SME Policy, the researcher assumed that the factors that it identified as being important for the growth of entrepreneurship can be taken to be entrepreneurial conditions that are at the core of the

entrepreneurial landscape, despite the fact that the policy has not explicitly stated or labelled them ‘entrepreneurial conditions’.

- It was further assumed that the respondents understood the questions and provided responses that were informed by their personal experiences or by knowledge of the entrepreneurial landscape from a financial, market, regulatory, educational, legal and business support perspective. This not being the case would be problematic as it would impact the research outcomes given that the data provided would not be reflective of the actual entrepreneurial landscape.

- The study also assumed that there is a relationship between the entrepreneurial conditions identified and the rate of emergence and growth of firms within the regions and the country as a whole.

# CHAPTER 2: LITERATURE REVIEW

## 2.1. Introduction

The literature review will provide a basic outline of the key areas to be discussed in this study. A background discussion will first be provided, which considers the context specificity of entrepreneurship and the role of policy in venture growth, as well as serving to deliberate on the core policy being evaluated in this research. By association, the role of government intervention in the entrepreneurial space and its effectiveness or lack thereof, will be discussed as the literature at hand highlights differing views pertaining to this fundamental point. Further, the particularities of the entrepreneurial conditions identified will be addressed as a means of giving theoretical views pertaining to these. To this end, dominant perspectives found within the entrepreneurship literature will be discussed and their impact on venture growth considered.

## 2.2. Background discussion

### 2.2.1. Context specificity of entrepreneurship

Although it is a universal concept, the practice of entrepreneurship is quite context specific. Recent research has increasingly called for a contextualised understanding of entrepreneurship (Lang, Fink and Kibler, 2014; Jennings, Greenwood and Lounsbury, 2013), particularly as conventional wisdom suggests that factors influencing venture creation decisions vary across countries (Mitchell, Smith, Seawright and Morse, 2000). Given this, it is clear how “the focus on context is timely and apposite” (Zahra, Wright and Abdelgawald, 2014: 479). This is mainly so as viewing entrepreneurship from this perspective highlights the interplay of activities that combine to inform how entrepreneurship plays itself out within different contexts. Koppl and Minniti (2003) stressed the importance of considering context as entrepreneurship means different things in different settings, whilst Zahra and Wright (2011) highlighted the heterogeneity of entrepreneurial settings and further focused on the influence that context or setting has on entrepreneurial ideas, activities and

ambitions. In line with the aforementioned, it is clear that the essence of contextualising entrepreneurship is to account for "the different effects of [the] individual, situation and serendipity" (Zahra et al., 2014: 480), which remain indistinct if context is discounted. In sum, what this viewpoint suggests is that since entrepreneurs "draw on context to acquire, assimilate and make sense of information" (Johns, 2006:386), then context is an integral stimulus to the range of entrepreneurial possibilities perceived by entrepreneurs, as well as the form these will take once they are translated into actual ventures.

The increasing number of scholars calling for a more context specific comprehension of entrepreneurship is therefore not surprising given the views above. In fact, literature pointing to the importance of context in explaining the occurrence of entrepreneurship, the rate of occurrence as well as the nature of entrepreneurial outcomes, has increased (Sarasvathy and Venkataraman, 2011; Foss et al., 2013). Consequently, it could be argued that there seems to be consensus on the fact that entrepreneurial activity is shaped by "different sets of contextual variables" (Zahra et al., 2014), even though there is much less agreement on the associated fact pertaining to the extent to which context-based elements influence entrepreneurship. Notably, the emphasis on contextual drivers as a means of adequately determining what influences entrepreneurship and venture growth has also peaked (Kibler and Kautonen, 2014). Lang et al. justified the call for more contextualisation by pointing out just how national and regional environments have become more diversified yet more interconnected, which leads to "further variations in entrepreneurial activity and its contexts" (2014:205).

This study agrees with the context specificity of entrepreneurship given that the practice of entrepreneurship, the decision to become an entrepreneur and whether one thrives at it or not is both a product of the individual and their environment. As a result, it is informed by various factors and given different meanings which are aligned to these factors, leading to the defining elements of SMEs differing context by context. Subsequently, entrepreneurship and its determinants for any locale find their bearing on the specific environmental influences of the context they operate in

(Estrin et al., 2013). However, a focus on context specificity also comes with its own challenges as it opens up the definition of entrepreneurship so wide that it runs the risk of having no clear-cut boundaries (Carree and Thurik, 2003). What is problematic with this, as is so often the case with concepts with multiple components (Abor and Quartey, 2010), is that ingrained definitional issues blur the boundaries of what is to be considered entrepreneurship and what is not. This makes it difficult to take for granted any general meaning of entrepreneurship because "there has been total confusion over the definition" (Lambing & Kuel, 2000:14) given that what applies in one context might not apply in another, hence the concept itself becomes lacking in universality.

As context specificity has a lot to do with the actual physical location of a business, it is important to focus on the complexities presented by the geographic location because this has increasingly become recognised for its influence on entrepreneurship (Gilbert, McDougall and Audretsch, 2006). This is mainly so because the entrepreneurial culture within any country affects attitudes about entrepreneurship, entrepreneurial ambitions and the success and failure of the ventures started. Considering this, it is imperative to look into what literature states with reference to entrepreneurship within an African context? To this end, Elkan pointed out that "much that has been written about entrepreneurship in Africa makes for gloomy reading" (1988:171). He argued that the typical or most common views of entrepreneurship in Africa seem to indicate a dearth of overall entrepreneurial efficiency and financial management.

In as much as the aforementioned view about African entrepreneurship might be common, Elkan (1988) also noted that this view is misplaced as there is literature aligned to contrary views. In backing up this assertion, he brought to light the significance of context in this perspective when he pointed out that he found no evidence to point to a lack of entrepreneurial aspirations within Africans, but rather that what evidence is there suggests that whatever is lacking in African entrepreneurship is context specific, caused by an economic environment that "places entrepreneurship at a discount" (1988:184). This view is aligned with the

findings of studies conducted in West Africa as early as 1954, when Bauer concluded that entrepreneurs within this context exercised “exceptional effort, foresight, resourcefulness, thrift and ability to perceive economic opportunity" (1954:69)”. This would seem to suggest a more favourable view of entrepreneurship within the African context.

### 2.2.2. Institutional frameworks and entrepreneurship

Given that context is embedded in institutional frameworks, it is necessary to look into theoretical views on institutional frameworks and entrepreneurship. Deliberating on this is necessitated by the fact that entrepreneurs and the enterprises they develop are not monolithic units and neither are the ventures they take on. Kostova’s (1997) three dimensional country institutional profile speaks to this statement, as it emphasises the combined institutional value of government policies, shared norms, societal values and beliefs in shaping entrepreneurship. To understand the magnitude of this assertion, one needs to firstly comprehend the significance of institutions within any society, particularly as it argued that an institutional approach shows great promise for analysing entrepreneurship (Thornton et al., 2011; Welter and Smallbone, 2008).

Institutions not only establish and define the working rules and norms that all within society should adhere to but also set the confines of these, entrenching along this process measures to shape human behaviour along set institutional parameters (North, 1990; Scott, 1995). Reciprocally, the social structures that form as a result of institutions also shape the very institutions that inform them (Kibler and Kautonen, 2014). Hence, theory is replete with studies that suggest that entrepreneurship is shaped by a locale’s institutions, whether formal or informal (Amoako and Lyon, 2013). What this implies within the entrepreneurship landscape is that individual entrepreneurs have to tow a pre-set line, ensuring that their entrepreneurial exploits operate within the framework of these rules whether stated or perceived. It makes sense then, that appropriate institutional frameworks have to be established either

through set policy within the public sector or through alternative private institutional arrangements (Aldrich, 1994).

Yet the process of establishing proper institutional frameworks, although necessary, cannot be taken for granted, as even though "firms are embedded in country-specific institutional arrangements" (Busenitz, Gomez and Spencer, 2000:994), some countries have a particularly weak capacity to develop these (Lee and Williams, 2007; Martinez, Cummings and Vaaler, 2014). Development of these requires, amongst other things, institutional reform entrenching the formal and informal norms and practices in the business dynamics of each locale on both macro and micro levels. Naude noted the complexities of this process, arguing that institutional reform "is an ongoing, dynamic process [which] creates uncertainties that can have unwanted outcomes for productive entrepreneurship to emerge" (2008:33). Clearly the question of whether the entrenched institutional framework within a locale is appropriate, sufficient or adequate cannot be avoided. Speaking within an African context, Naude (2008) stated that what compounds the matter further is that building appropriate institutions amidst the challenges of developing countries is notoriously difficult and very little is known about the dynamics of institutions within these and how they affect entrepreneurship quality and quantity. Further, he stated that even less is known about how these institutions have co-evolved alongside entrepreneurial behaviour and country development. Notwithstanding this, Naude suggested that this approach is necessary as "an appropriate institutional framework is one that ensures entrepreneurs can capture the profits or rewards of their activities" (2008:33).

Wright and Marlow pointed not only to just how integral context is to the process of entrepreneurship, but also to the nexus of context and institutional frameworks by suggesting that institutions define context and that, in fact, context is "a boundary made recognizable through institutional norms" (2012:110). The continued argument amongst scholars is thus that it is important to focus on institutions because entrepreneurship is a social phenomenon and not just an isolated economic activity (Thornton et al., 2011; Steyart, 2007). One of the key arguments that has been

made was also that there is a need to look into the heterogeneity inherent in institutions in general and in firms in particular, as institutional heterogeneity impacts on firm growth (Huggins, 2008). Welter and Smallbone (2008) even suggested that whilst the formal institutional framework determines the entrepreneurial levels within a locale, informal institutional elements inform both individual and collective beliefs on entrepreneurial activity. The latter, Shane (2003) added, dictate the degree or levels to which individuals will identify opportunity and – associated to this - embark on enterprising activities as a result. So, if we are to adopt the position that effective institutions are vital if firms are to grow, then we must accept that the opposite is true as well. We must accept that ineffective institutional arrangements can lead to firm failure. Stressing this point, particularly within the context of new industries, Aldrich pointed out that "founders of new ventures appear to be fools, for they are navigating, at best, an institutional vacuum of indifferent munificence" (1994:645).

So what then happens if the institutional framework does not favour the entrepreneur? Aldrich (1994) proposed that even though the context may present multiple challenges for entrepreneurship, entrepreneurs are able to alter institutional norms through socially constructing novel meanings and redefining the institutional framework. In line with this, Wright and Marlow (2012) argued that although institutional contingencies are not yet fully understood, entrepreneurs need to take on different means to address and navigate these. When turning attention to the necessity of institutional support for entrepreneurs, it makes sense to consider entrepreneurship as entrenched in the different institutional frameworks that they are a part of. The reason is simple - institutional conditions constrain or boost the rate of growth for entrepreneurs within any context (Aldrich, 1994). It thus stands true, as Adekunle posited, that institutional ineffectiveness forms a major constraint to the entrepreneurial landscape as it "dampens people's alertness to opportunities" (2011:363). Hence, what is needed to address institutional inefficiency and therefore enable productive entrepreneurship to occur is for policy to get the institutional framework right (Naude, 2008).

The above observation was made earlier by Biggs and Shah, who pointed out that for SMEs to thrive within any context they need to overcome not just market failures but also institutional ones, and this is often achieved by these being "embedded in private institutional support systems" (2006:3044) which make up for the shortfalls inherent within the public institutional framework. Essentially, proponents of this standpoint tend to argue that entrepreneurial performance can be enhanced if private institutional arrangements are made, which will ensure that firms are better able to navigate the business landscape successfully (Biggs and Shah, 2006; Kay, 1993). On the back of this, it has been suggested that SMEs in Sub-Saharan Africa often attempt to chart their own course by instituting their own governance systems (Biggs and Shah, 2006). They attempt to, as North (1990) suggested, redefine the rules of the game, shaping them in response to the inadequacies of the 'rules' that are found lacking in public, formal institutions. Notably, these authors also pointed to the fact that it must not just be taken for granted that the architecture of adopting private institutions for support is the most effective, because other routes such as strengthening formal market institutions could still be more agreeable to venture success (Biggs and Shah, 2006).

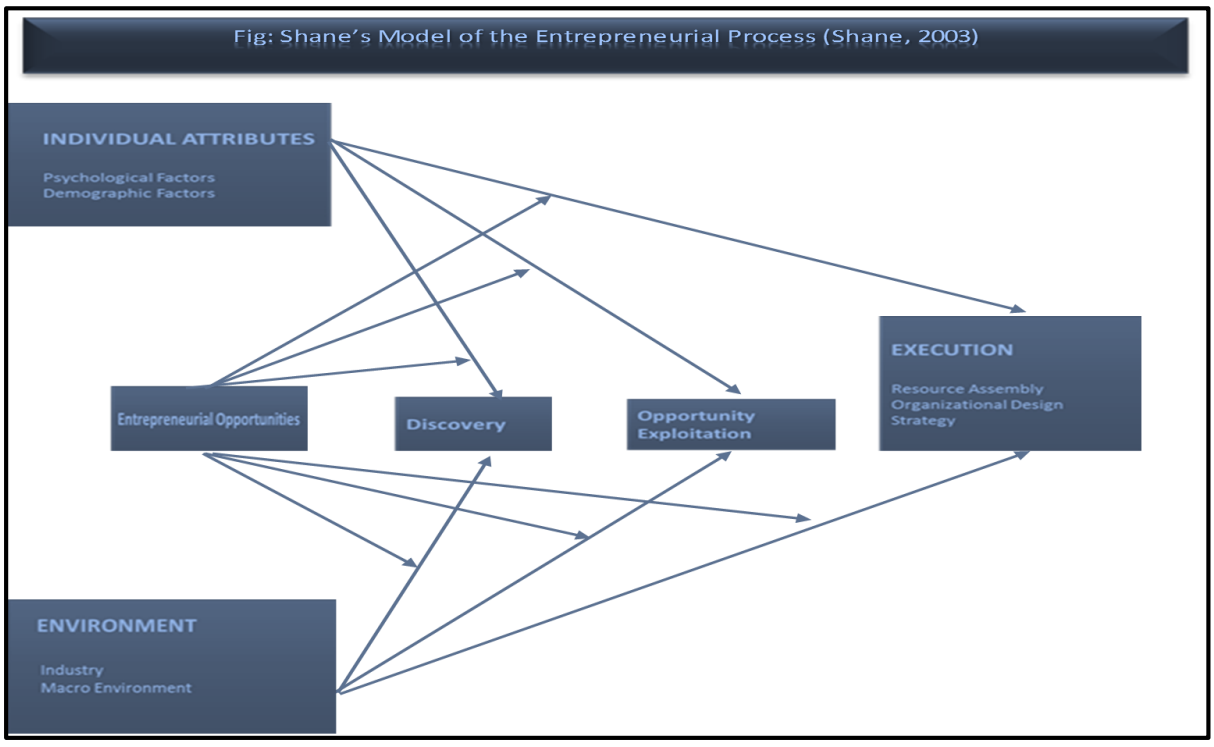
### 2.2.3. Entrepreneurship: A product of the individual and society

Shifting to focusing on entrepreneurship as a product of the individual and society, what this perspective demands is that attention be given to entrepreneurial intentions and the activities that emanate from these as well as their outcome - the entrepreneurial venture. In principle, this calls for a focus on the operations of start-up firms in a bid to understand why and how they are established and sustained (LeBrasseur, Zanibbi and Zinger, 2003). This lends insight into what is needed for entrepreneurship to thrive and for ventures to grow. It brings an understanding of the complex process of interaction that takes place between the individual and the socio-economic environment (Dubini, 1988). What the aforementioned highlights is that surely venture growth is a product of the interplay between not just these external conditions but also the individuals themselves, their attributes, their capabilities and their intent? Hence, as Wright and Stigliani suggested, "there is a

need to consider the interaction of the entrepreneur, notably their cognitive attributes and experience, with the location" (2008:11).

In line with this, entrepreneurship is at times perceived as a function of the entrepreneur with Shane and Nicolau (2013), for instance, detailing the role of the entrepreneur in entrepreneurship, advocating that there is a genetic influence that determines whether one is cut out to be an entrepreneur or not. Although this is acknowledged, it is Shane's model of the entrepreneurial process that appeals more to this study, because it brings into focus the process of entrepreneurship in general, highlighting how it "involves the nexus of entrepreneurial opportunities and enterprising individuals" (2003:18). As reflected in Shane's model (see Figure 1 below), this simply suggests that there is more to the entrepreneurial process than an individual's inherent capacity to identify, discover and exploit opportunities as they acquire the necessary resources to perform entrepreneurial actions as a result of existing environmental antecedents (Moroz & Hindle, 2012).

**Figure 1: Model of the Entrepreneurial Process**




*Source: Shane (2003:18)*

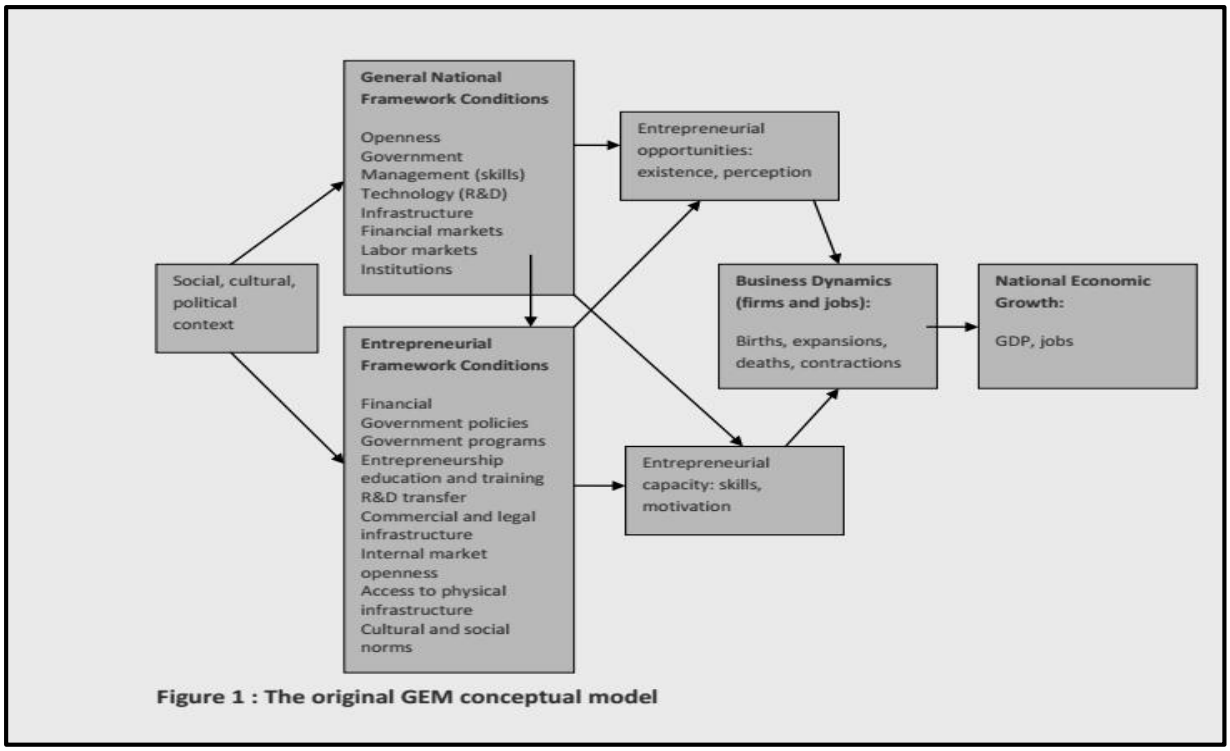
Literature that focuses on the individual tends to offer an internal perspective of entrepreneurship, positing that the 'self' aspect of the entrepreneur and the traits they possess are crucial for the establishment and growth of the entrepreneurial venture (Baum et al., 2001). Chronicling the 'establishment to growth' story of ventures, Baum et al. suggested that the story begins with a hard-working, proactive, motivated entrepreneur with skills, a clear vision and goals that they set out to achieve to generate the growth of their venture. Further to this, some scholars have even suggested that before the actual realisation of organisations in reality, these are preorganisations that exist in the minds of individual entrepreneurs in the form of dreams that they might have, which may or may not materialise into actual organisations (Mazzarol, Volery, Doss and Thein, 1999). Another take that stressed this standpoint was Shane and Nicolau's (2013) assessment of the genetics of entrepreneurial performance, where they argued that the characteristics of the individual are essential and could lead to enhanced entrepreneurial performance and, by association, to the success of entrepreneurial firms.

In essence, what the above perspectives bring to the fore is a proposed correlation between growth intentions that are inherent within individuals and the actual growth of firms. In line with existing theoretical perspectives, intentions of the business owner contribute to the growth of a venture (Bird, 1992) as the likelihood is that "organisations led by highly motivated entrepreneurs may begin to reflect the character of these entrepreneurs" (Baum et al., 2001: 301). In sum, the link seems to be that intentions inform behaviour, which in turn informs actions and the resulting character of the venture. This thought process follows sentiments echoed by literature that decries the omission of cognitive process considerations, suggesting that this does not make sense because "entrepreneurial firms do not make decisions about growth – entrepreneurs do" (Wright and Stigliani, 2012:4). Characteristics such as educational background, human capital in the form of individual experience and prior knowledge, as well as social capital have been noted as key contributory factors to the growth of firms (Baum et al, 2001; Eisenhardt and Schoonhoven, 1990).

However, it is also necessary to highlight that different viewpoints exist pertaining to this, particularly as they relate to there being only a moderate effect between entrepreneurial growth intentions to actual growth (Wiklund et al, 1997). It is presumed that this is suggested because of the existence and influence of externalities. Shane's model of the entrepreneurial process (2003) highlights these externalities as the environment, pointing to the significance of industry related and macro-environmental factors to the opportunity identifying and exploitation process of entrepreneurship. It is the macro-environment, as an intermediating factor, that this study confined itself to. In this regard, policy was placed squarely as a macro-environmental influence which acts as an enabler for individuals growing start-ups. As a result, the focus here is not on individual attributes as precursors to entrepreneurial activity, but rather on the conditions that are external to the individual, in particular those outlined in policy.

The approach above is not a solitary commission as similar studies have considered, in depth, the importance of policy as an intermediating factor. For instance, the original GEM conceptual framework (shown in Figure 2 below) places policy as part of the entrepreneurial framework conditions that influence entrepreneurial opportunities and capacities, defining business dynamics (Niels et al., 2012). With the ultimate outcome within this model being national economic growth as determined by the rate at which firms are established and the levels of growth they experience as a direct result of the business dynamics that exist, it is clear how policy and the dictates it lays out can serve as a crucial contributor to venture growth. This said, the conceptual model (see Figure 2) is valuable for the current research because it also outlines the significance of functions relating to finance, programmes, education and training, markets and market openness, and commercial and legal infrastructure in the process of venture establishment and growth as seen in Figure 2 (Niels et al., 2012). Notably, some of these elements are similar to the variables selected for this study.

**Figure 2: The original GEM conceptual model**




*Source: Niels et al. (2012: 11)*

### 2.2.4. Venture growth: An overview of extant literature

Although there is no paucity of studies reflecting on the significance of small enterprises to economies and the growth thereof, it has been said that often these studies on venture growth are not helpful enough to provide a comprehensive understanding of why ventures grow, how they grow and what measures can be used to depict or forecast growth (Bamiatzi and Kirchmaier, 2012). Historically, venture growth has, to a large extent, been explained using theories adopted from different fields of study, with each perspective attempting to explain venture performance through the lenses of various disciplines including studies emanating from an organisational perspective, a management perspective and a psychology perspective as cases in point. Although research on the idea of firm growth has received increasing interest across various disciplines (Delmar, Davidsson and Gartner, 2003; McKelvie and Wiklund, 2010), the interest in a multi-disciplinary approach has also notably peaked (Wright and Stigliani, 2012).

This is particularly so given that theories in different disciplines are useful in explaining only certain components of entrepreneurial performance, but a comprehensive examination calls for a multi-disciplinary outlook as the object of the research itself is based on an interplay of factors. The timing of this increased interest in firm growth is appropriate because the need to understand the processes that underlie entrepreneurial growth is even more pressing given the latter's economic contribution to societies (Leitch, Hill and Neergaard, 2010). Notably, much of the research that focuses on venture growth follows the trajectory of entrepreneurship research to a large extent in that the dimensions concentrated on are related to how entrepreneurship is a product of the interplay between entrepreneur, industry and strategy (Sandberg, 1986) and how it is dependent on the availability of resources and effectiveness of systems, structures and processes (Chrisman, Bauerschmidt, and Hofer, 1998).

The above views not only point to the character traits of individual entrepreneurs and, by association, their desire to grow their ventures but also places emphasis on the venture attributes along with resource availability. Hence, in this sense it is aligned with Gilbert et al.'s more recent assertion that growth is attributable to "entrepreneur characteristics, resources, strategy, industry, and organisational structure and systems" (2006:928). When taking the above into consideration, what is of particular interest to this study is that what these factors highlight is that venture growth is explained better "when the web of complex indirect relationships among them is included" (Baum et al., 2001).

With due cognisance given to the above, many models have been used to explain the growth of new ventures in a bid to outline the different elements that impact them. The life-cycle pattern of firm growth is one such model which attempts to explain venture growth through pointing out that it is continuous, sequential and smooth (Kuratko and Hodgetts, 2004; Timmons and Spinelli, 2004) and ultimately suggesting that, as a result of this, firm age and size are key determinants of firm growth (Jovanovic, 1982). There is some agreement on the validity of the life cycle

stages model of venture growth and its significance to entrepreneurship (Bygrave and Zacharakis, 2008). Despite this, there has also been an increase in the literature that criticises the model's ontology, pointing out that viewing growth as a linear, sequential process is problematic (Davidsson, Delmar and Wiklund, 2006; Phelps et al., 2007). This viewpoint is supported by Gibrat's Law, which postulates that the growth of start-ups can never be considered smooth, but is rather discontinuous or even random (Sutton, 1997).

With due consideration given to the preceding perspectives, a Penrosian viewpoint cuts the line across the middle where "growth paths of post-start-up firms appear to be neither continuous nor random" (Hamilton, 2012:618). What Penrose points to in terms of growth paths is a rather idiosyncratic continuity, which is informed by the productive opportunities available to the firm at any point whilst simultaneously agreeing with the sentiment that should these opportunities not exist, then the firm's growth path is likely to be halted, however temporarily, until opportunities are realised again (Hamilton, 2012; Penrose, 1968). Notably, regardless of which perspective one is aligned with, Gilbert et al., point out that there are a few constants that are necessary for growth to occur and they are that: a) the entrepreneur must show willingness to grow; b) the entrepreneur must have access to resources that accommodate growth; and c) the environment within which the entrepreneur operates must be conducive for growth (Gilbert et al., 2006).

Another perspective that has been identified as crucial in firm growth studies is the organisational perspective where analysis turns to the firm itself where the success and failure rates of firms at start-up are considered. To this end, some theorists agree that there is a high failure rate of start-ups within the first few years, suggesting that this however, "is concomitant with the fact that growth rates are highest during this same period" (LeBrasseur et al., 2003: 315). One of the key considerations of growth that often eludes deliberations, however, is that not all firms have growth as their driving mandate; some start-ups are not as concerned about growth as they are about survival. This is an important consideration given that – at

their core – studies on venture growth often place growth intention at the epicentre of firm performance, which is problematic because a significant body of literature shows numerous examples of firms that have realised very little or no growth at all (Gimeno, Folta, Cooper, and Woo, 1997; Wiklund, Davidsson and Delmar, 2003). This could be due to varying reasons as from the onset; entrepreneurs set different growth objectives for the different stages of their firm's life cycle (Fraser, Bhaumik and Wright, 2015). Davidsson et al. (2006), for instance, pointed out that: a) growth is not a prerequisite to the existence of a firm; and b) firms can choose to remain small for various reasons, including but not limited to the firm owner's lack of intent. It is thus important to consider, as some literature has, that the firm's motivation to grow is a significant prerequisite for actual growth (Baum, Schwens and Kabs, 2011) that cannot be discounted.

The external environment's influence on start-up firms has also been the subject of much debate from a firm growth perspective and not just an entrepreneurial process perspective as discussed above. To this end, most studies that look into the performance of companies find a correlation between the environment and growth (Aldrich and Wiedenmayer, 1993) with Davidsson et al. even having concluded that "evidence suggests that firm growth is to a certain extent externally determined" (2006:369). As a consequence, there does seem to be consensus that growth, like the process of entrepreneurship, "cannot be viewed in isolation" (Bamiatzi and Kirchmaier, 2012). Underlying this conclusion is the assumption that high growth will mainly be realised if conditions within the environment are favourable, whilst the opposite is also true - low growth will result from unfavourable environments. In support of this, Gilbert et al., further concluded that it is most likely that "high growth will be realised by firms in growing markets" (2006:935). But, regardless of the emphasis placed on the significance of high growth ventures by the authors above, there seems to be agreement on the fact that "very few businesses are capable of maintaining high growth rates for long periods of time" (Barbero, Cassilas and Feldman, 2011:671). With this being the case, it would follow that a formula for achieving high growth should be determined and utilised for the benefit of SMEs and the economies they operate in. Despite the evident need for this, an integrative

global model has not as yet been developed, leaving the analysis of this phenomenon to various interpretations (Wiklund, Patzelt and Shepherd, 2009).

**Problems within venture and venture growth research**

With the literature outlined above having provided insights into the elements of venture establishment and growth, at this point it is important to ascertain what it does not tell us. First and foremost, some scholars have pointed to existing definitional issues concerning what constitutes an entrepreneurial firm and what does not. Abor and Quartey, for instance, held that "the issue of what constitutes a small or medium enterprise is a major concern in the literature" (2010:219), whilst Weston and Copeland (1998) decried the lack of universal applicability where definitions of these enterprises are concerned. On the back of this, looking into venture growth is likely to be problematic as the lack of clear-cut definitions of what constitutes entrepreneurial firms is a foundational dilemma that breeds problems from the bottom up. This problem is also compounded by the fact that different countries, contexts and industries are likely to have different definitions of what constitutes a small and medium enterprise as was mentioned earlier.

Perhaps due to the aforementioned definitional problems, studies looking at venture growth at times adopt a silo mentality, with scholars focusing only on aspects related to the disciplines they are familiar with and isolating factors that need to be considered for a comprehensive deliberation to occur within these silos. But is this what is really needed because "venture growth is a complex process, influenced by a variety of interrelated micro and macro domains" (Baum et al., 2001:302)? Not necessarily. Hence a challenge associated with this problem, and one that has often gone unnoticed in venture growth research, is the penchant for overlooking entrepreneurial diversity amongst firms. This leads to the related tendency of grouping entrepreneurial firms into one homogenous mass. Noting the need to change this outlook, Flynn, McKevitt and Davis identified that often in theoretical deliberations, "SMEs are presented typically as a homogeneous population of enterprises possessing equal capabilities, sharing similar objectives and facing

challenges of equal magnitude" (2015:444). This approach leaves a lot of the why, what and how of firm growth unexplained in entrepreneurship research.

A significant and problematic aspect of this research has to do with the actual measures used for venture growth. Storey, in his review of "the usual suspects used to explain growth" (2011:307), argued that although many theories are utilised to explain firm growth, they do so inadequately. His take on this points out the flaws in the anchor perspectives that govern entrepreneurship growth literature. For instance, he argued that:

a) If human capital, as measured by educational attainment, is a substantial influence on firm growth, then why have the "most spectacularly successful business owners never participated in...higher education?" (Storey, 2011:307);

b) If entrepreneurial learning and experience is important to the success of ventures, given the positive correlation often pointed to between the entrepreneur's cumulative learning and experience with firm growth, then why are firm growth trajectories not always on the incline along with firm age, as this fails to explain why established firms fail or stop growing; and

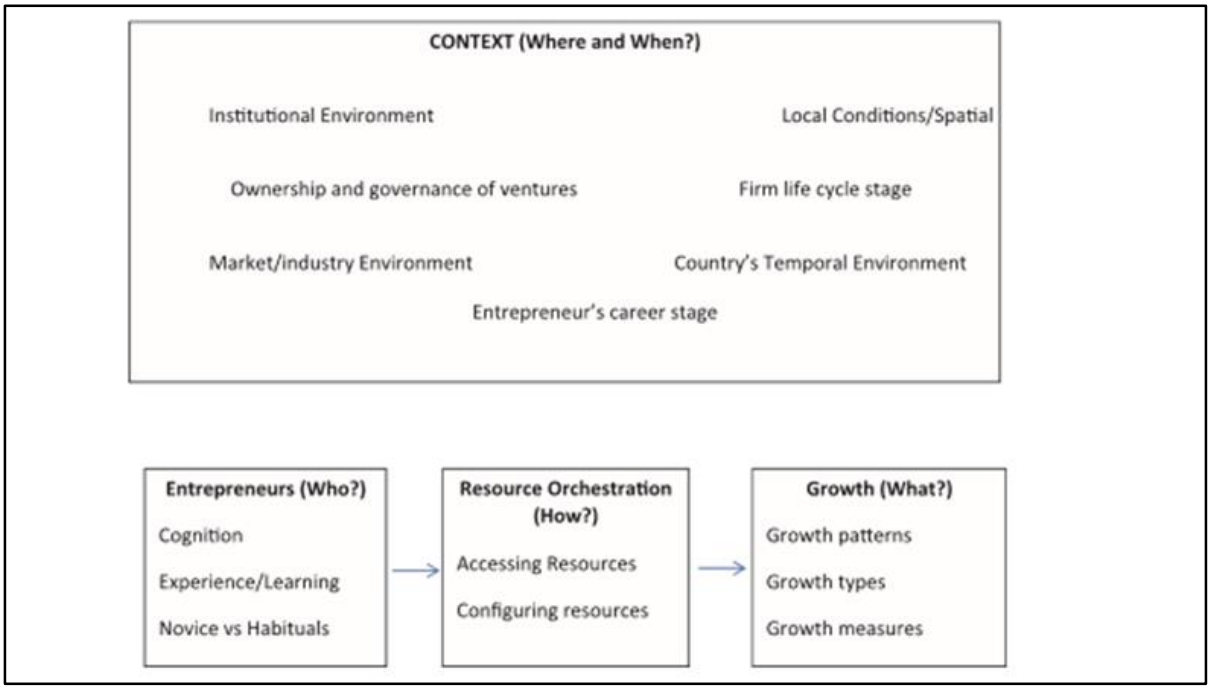
c) If entrepreneurs who are likely to succeed are judged by their ability to recognise opportunity (Shane, 2003), then what explains the failure of enterprises by the same individuals who suddenly lose their opportunity recognition capacity when this happens (Storey, 2011).

Based on this, Storey (2011) argued that both theories of firm performance and their tests have significant limitations, mainly because these studies have often been based on the firms that succeed, neglecting the vast majority of firms that fail. In this regard he concluded that these theories and explanations of firm growth are one-way bets, as, in the rush to explain firm growth through the lenses of firms that succeed, "they fail to offer useful insights into the far more typical firms that decline, remain stable or fail" (2011:316).

## Significance of venture growth to the current study

Given the aforementioned problems, it is necessary to consider the important elements of venture growth firstly as a means of deciphering their significance to the current study. At this point it is worth stating that not only is an understanding of the entrepreneurial processes that inform growth essential to informing theoretical and practical insights, but also "it follows that a greater understanding of processes may contribute to the development of more fine-grained and relevant policies to promote growth" (Achtenhagen, Naldi and Melin, 2010). With this in mind, it also follows that attempts should be made to answer the question of what makes the typical SME grow (Lee, 2014). Addressing both these and significantly more, Wright and Stigliani (2012) introduced a framework (see Figure 3 below) that considers the growth process in context. It could be said that a consideration of process in context offers a more viable explanation of the who, what and how of entrepreneurship, as it offers up an understanding of the macro conditions (country, governance and market) conditions as well as the micro conditions (cognitive, entrepreneurial orientation, resource availability and capacity to mobilise) that govern entrepreneurial decisions.

**Figure 3: A Framework of Growth Processes in Context**




*Source: Wright and Stigliani (2012:5)*

The question of what is important for venture growth simply asks that this study focuses on the key considerations of perceived growth enablers, growth inhibitors, patterns of growth as well as measures of growth. This is because, as Wright and Stigliani put it, entrepreneurial research trajectories have really neglected asking pertinent questions concerning "how firms grow, why they grow according to different patterns (and) how the decisions about growing or not growing are made" (2012:3). The 'who' aspect emphasised in the framework largely highlights what has already been deliberated on, where the individual entrepreneur, their cognitive capabilities and experiences are taken into account to delineate which of their traits enhance or inhibit firm growth.

The focus of this study acknowledges this element and does not discount its significance, but is rather concerned with factors external to the individual, despite the fact that venture growth has been established above as an outcome of entrepreneurial decisions on how to grow their firms as well as where and how much these should grow. Given that it is the view of this study that the entrepreneur does not make these decisions in a vacuum, the 'how' aspect referred to in the framework above as resource orchestration plays a critical part. This is mainly because these decisions are made by the individual entrepreneur based on their ability to access and configure the collective resources needed to make the firm grow. Although seeing how the latter part of Wright and Stigliani's (2012) framework can constitute the 'what' of firm growth, this study also considers it an important component of the 'how', as resource mobilisation is not the be all and end all of the latter but only a (significant) component. In answering the question of 'how', this paper argues for a slight deviation from the framework (above), merging the 'how' with the 'what', given that it considers firm growth patterns and the typology of growth as a significant element of 'how' firms grow.

So, in the context of this study, growth is an important measure of venture success (Baum et al., 2001) mainly because it is a comprehensive indicator that compounds multiple success indicators. This makes the consideration of how firms grow

(Wakkee, Van Der Veen and Eurlings, 2015), as has been stated above, a significant one for this study. In considering this question, Hamilton (2012) observed that asking how firms grow is essential in that it challenges the literature that has, for quite a long time, partially elucidated on the extent of firm growth but not necessarily on its nature. This is aligned with an earlier perspective by Pettus (2001), which stated that not enough is known about the combinations of forms of growth to allow us to determine what allows for faster or slower growth. Agreeing with this observation, Wright and Stigliani (2012) stated that it is imperative that we consider: a) modes of growth: organic vs. acquisitive; b) patterns of growth: high growth vs. low growth vs. acquisitive growth; and c) growth measures (including sales revenue, employment, profits, value creation, and international or domestic growth).

**Consideration on why firms grow**

Gilbert et al. (2006) suggested that much progress has been made in attempts to find out why some firms grow and others do not. However despite this, there does seem to be some on-the-fence thinking, with some researchers suggesting the best explanation of why firms grow is simply that growth just happens (Wakkee et al., 2015). With this thinking, then, firm growth is seen not as an over-thought, elaborate scheme that strategically allows the firm to put its proverbial ducks in a row, leading it to experience success as a result, but it is seen as a random process. Although we know that SMEs face significant challenges that inhibit their growth and notable amongst these has been a lack of access to credit and resources, we also know that certain factors enhance growth.

Speaking particularly of the African context, Abor and Quartey (2010) suggested that the development of SMEs is constrained by a plethora of factors which include: a) insufficient market access; b) inefficient legislation; c) inadequate business regulation; and d) insufficient resources including technological resources. These authors pointed out that these bottlenecks affect the ability of SMEs to thrive and therefore realise their full potential (Abor and Quartey, 2010). These bottlenecks include, but are not confined to, both the external circumstances of the firm such as

the state of the business cycle, economic dynamism and the level of competition, and the internal factors that play a role in achieving growth (Wakkee et al., 2015).

**Considerations on the growth patterns of firms**

Although scholars have tended to focus on the factors that are seen to most likely contribute to growth as outlined above, there is a school of thought that pits the effectiveness of this approach against the effectiveness of research that focuses on the actual growth paths that SMEs take. The latter school of thought suggests that the success of entrepreneurial ventures is not based on just these capabilities (Wakkee et al., 2015), but is rather genuinely dependent on the route that entrepreneurs take. The implication of the above is that when evaluating growth, it is not enough to just look at capabilities as these "internal growth capabilities do not discern growing from non-growing SMEs [whilst] high growers can be explained on the basis of growth paths" (Wakkee et al., 2015: 170).

On the most rudimentary level, firm growth paths are essential in that they give an indication of whether firms pursue internal or external growth or whether they pursue domestic or international growth (Gilbert et al., 2006). These authors concluded that to focus on firm performance without looking at these factors is "equivalent to assuming all students achieving an A in any class have achieved equivalent performance" (2006:938). Further, they decried the lack of studies focusing on the nature of growth paths, particularly as the literature has highlighted the differences of internally and externally pursued growth (Penrose, 1959) positing differences in growth outcomes as a direct result of the differences in the paths taken by firms making these paths of significant importance (Gilbert et al., 2006).

**Considerations on growth measures**

Although there is an acknowledgement that venture growth literature has put too little emphasis on growth measures (Delmar, 1997), some theorists have agreed that there has been a shift towards treating growth as "a multidimensional, heterogeneous, and complex construct" (Achtenhagen et al., 2010; Cowling, Liu, Ledger and Zhang, 2015; Leitch et al., 2010). Having noted this, it is necessary to point out that there is a lack of agreement on the actual measures of firm performance (Urban, Van Vuuren & Barreira, 2008), particularly as "new organisations are always vulnerable to the liabilities of newness" (Aldrich and Fiol, 1994:663), which makes it difficult to have universally applicable measures. This is particularly so as attaining growth for small ventures is different to attaining growth for more established businesses (Gilbert et al., 2006).

Generally, however, growth is a significant measure for entrepreneurial success (Urban et al., 2008) as there is agreement that the evaluation of venture growth should base itself on interrogating elements of employment growth rates, sales growth, market value growth and operating profit growth (Urban et al., 2008; Urban, Barreira and Nkosi, 2012). Although these may be the most widely used measures, it has been said that they have very "low predictive accuracy and low concurrent validity between them" (Wright and Stigliani, 2012:4). So despite that they are considered growth drivers, they have also been considered problematic based on the perception that they focus on growth as a homogenous phenomenon thus taking on a predictable trajectory and being too limited (Leitch et al., 2010). In fact, Davidsson et al., (2006) suggest that they do not take into account the fact that growth should be looked at from a longitudinal perspective as a process that stretches over a period of time rather than as an instant. Whereas, examining venture growth from a process perspective opens one up to the fact that it is "a process of becoming rather than state of being" (Bygrave, 1981:21). Given this, it has been argued that the cross-sectional attempts to measure venture growth through the elements of employment, sales, profits as cases in point, leave large amounts of unexplained variation" (Dobbs and Hamilton, 2007). Despite these

views, the study concurs that these are critical elements to consider if we are to measure growth.

As a result, this study focused on the measures of growth that it considers more applicable than others on the basis of their wide usage. These include sales, as can be seen in increased annual turnover. Evaluating increases and declines in sales has been used in a plethora of studies to indicate growth, with an increase in sales reflecting an increase in customer base, loyalty and trust, and therefore the growth of the firm (Robinson, 1998; Murphy, Trailer and Hill, 1996). An increase in employee numbers has also been considered an effective indicator of growth as it signifies the evolution of the firm as well as the addition of human capital, which further enables growth (Box, White and Barr, 1993). In fact, Biggs and Shah (2006:3043) pointed out that "firm growth is defined as the logarithmic growth in employment between start-up and [the] present". This study considers the preceding factors as key to ascertaining whether firms have indeed grown since inception. Discussing venture growth in this manner will allow for a better interrogation of whether the entrepreneurial conditions being evaluated will, in essence, lead to growth, whilst simultaneously providing a clearer understanding of the nature of entrepreneurs that make up the entrepreneurial landscape. Given all the aforementioned and with due consideration given the fact that venture growth is the main dependent variable within this study, what this study presupposes is that venture growth is affected by the factors outlined herein.

## 2.3. Entrepreneurship: A policy perspective

Attempts to justify the use of policy in the entrepreneurial space have often required an acknowledgement, as a baseline, that macro-intervention in the entrepreneurial space does indeed influence entrepreneurship. Proponents of this view argue that that macro-intervention is necessitated by the role that entrepreneurship plays in growing economies (Wakkee et al., 2015). On the back of this, policy interventions have therefore been justified as rectifying market inefficiencies through addressing

key factors in the macro environment (Storey, 2008). This posits policy as important because "potential entrepreneurs themselves are often unable to influence and change their socio-cultural environment, and so rely on external support initiatives" (Kibler & Kautoneen, 2014: 12). With this being the case, it could be said that it is in the interest of governments to ensure that the concerns of entrepreneurs are addressed, minimising inhibitors and maximising enablers to entrepreneurship given that entrepreneurs are seen collectively as "prolific job creators, the seeds of big business and the fuel of national economic engines" (Abor and Quartey, 2010:218). From this perspective, however, it is necessary to clarify that it is not all firms that contribute to economic growth but rather high growth firms (Anyadike-Danes, Hart and Du, 2015) due to the significant, positive results that these produce (Naude, 2008). In essence, economies prosper when their most ambitious, inventive and productive small businesses thrive (Bravo-Biosca, 2010). In light of this, the focus on policy has been supported through an acknowledgement that not much is known about SME growth, there is "a strong body of evidence that demonstrates the effectiveness of policy in supporting SME growth" (Wright, Roper, Hart and Carter, 2015:5)

**The necessity of policy intervention**

Despite that there might not be consensus on the significance of government intervention in the entrepreneurial landscape; the fact is it does exist. Consequently, SMEs have "been noted to be one of the major areas of concern to many policy makers in [their] attempt to accelerate the rate of [economic] growth" (Abor and Quartey, 2010). Elkan (1988) made this observation when he deliberated on just how entrepreneurship really exists in an environment that is significantly shaped and moulded by government policy. However, if we are to acknowledge that this is the case, Capelleras and Larazza (2011) advised that we must ask two interrelated questions to gauge necessity: a) what is the profile of those that get the government support; and b) what are the results attained by the ventures that this policy support benefits? According to these authors, interrogating this will aid in the broader comprehension of policy intervention necessity and impact, particularly as it will point to the differences in the growth of assisted firms and non-assisted firms. This is in

line with Biggs and Shah's view which considers it necessary to ask the related question of "if intervention were called for, what types of policies would make sense?" (2006:3045).

Considerations of this public intervention within the African context led Elkan (1988:180) to point out that governments "intent on boosting entrepreneurship could start by incentives, considering the removal of possible disincentives". This is a policy perspective that calls for the enactment of effective policies. Al-Mubaraki and Busler (2013) echoed this viewpoint, suggesting that it is not merely putting policy in place that is key, but rather ensuring that the right policy is put in place; it is essentially targeted intervention that is thought to effect change within the entrepreneurial space not just any intervention. For these authors, such policy should address the needs of SMEs in their entirety, including dealing with issues related to start-up costs, ease of access to capital, ensuring effective business regulations and addressing issues related to the institutional framework (Al-Mubaraki and Busler, 2013).

The above position aligns itself to many scholars who have pointed to the need for suitable policies to be adopted in response to addressing enablers and inhibitors of entrepreneurship (Elkan, 1988). Adding on to this, scholars have attempted to reflect on the sorts of policies that could aid in the efficient delivery of entrepreneurship within any landscape. Naude (2008), for instance, posited that only policies that aim to raise entrepreneurial ability and the non-pecuniary benefits of entrepreneurship whilst addressing the levels of start-up costs and business regulation could work. It is worth noting, however, as Lee and Williams (2007) have, that the view that there is a universal recipe, model or policy that could potentially lead to a single solution which policymakers can draw from to provide common policy is misplaced as the right policy for one locale does not necessarily fit with another. Despite this, it could be argued that one of the most significant benefits that targeted policy intervention is thought to have is that it addresses or rather seeks to address the collective problems faced by SMEs. In a sense, it is its communal approach that becomes one of its selling points, and, to this end, there is value to be

found in Flynn et al.'s (2015) assertion that SME-friendly policy is has near-universal application to small enterprises.

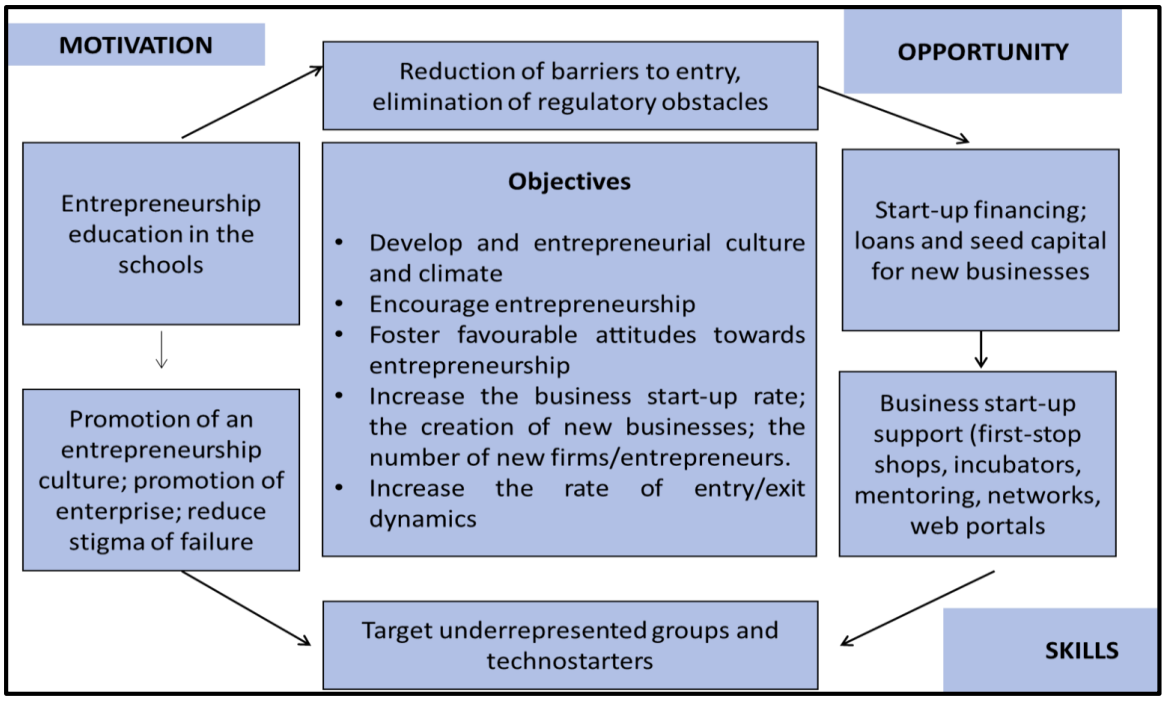
However, some scholars have decried policy interventions in the entrepreneurial space as nothing short of meddling. This thought pours cold water over the major point used to justify government intervention, considering it fallacious that parallels should be drawn between economic growth and all sorts of entrepreneurial ventures. Audretsch, Grill and Thurik, for instance, stated that "the task of relating a country's business birth rate to its economic growth is a complex one" (2007: 99) that cannot be taken as a given. Shane added depth to this viewpoint by stating that entrepreneurship and economic growth are negatively correlated, as studies show that "firm formation declines as economic growth increases" (2009:143). Hart, although more accepting of the fact that entrepreneurial activity could lead to economic growth, emphasised that it is the "level and quality of entrepreneurship" (2007:4) and not the number of entrepreneurs that influence a country's economy. So, although on different levels, there is general agreement – at least to a point - that entrepreneurship is significant particularly as it cushions economies in difficult times (Storey and Greene, 2010).

**The effectiveness of entrepreneurship policy**

With due cognisance given to these views, this study maintains that policy, as the basis of institutional factors affecting entrepreneurship, is key to venture growth and therefore to economic growth. And, in as much as scholars might not agree on the extent of influence, there does seem to be consensus that policy intervention in the entrepreneurial space is still necessary as it accelerates the levels of entrepreneurship through: a) addressing market failures (Storey, 2008); b) fostering economic renewal (Audretsch et al., 2007); and c) enhancing perceived economic growth through bolstering early stage entrepreneurship (Hart, 2007). Further justification is seen in Audretsch et al.'s (2007) framework on factors involved in deliberating on entrepreneurship policy measures as detailed in Figure 4 below.

This framework notes how policy objectives translate to increasing motivation and opportunities, as well as laying the base for skills development.

**Figure 4: Framework of Entrepreneurship Policy Measures**




*Source: Audretsch et al. (2007:107)*

## 2.4. Comparative conceptions of SMEs: A Swazi perspective

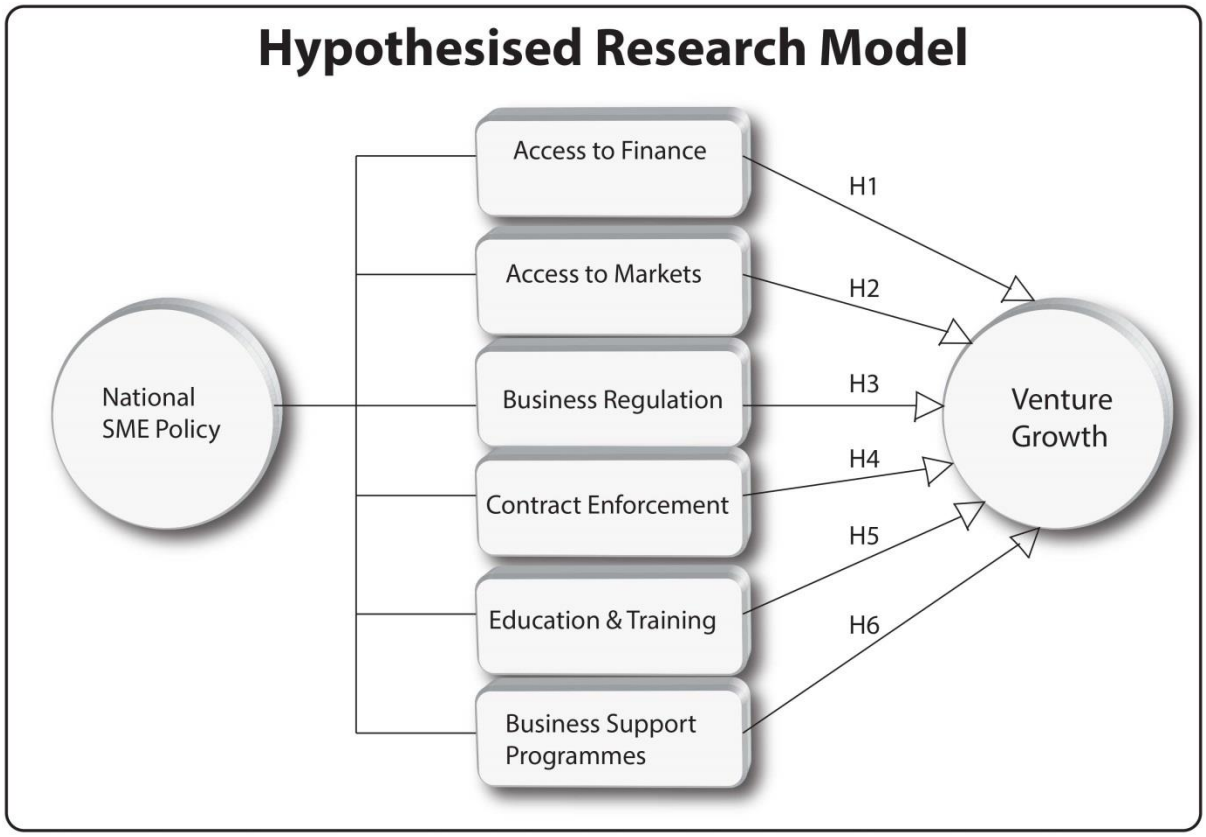
As mentioned earlier, one of the key challenges that has been highlighted, even in the venture growth segment of this paper, is the grouping of SMEs as a "singular, monolithic entity" (Flynn et al., 2015). This is problematic in that not only are entrepreneurial firms different in their DNA, but the entrepreneurs themselves are also often even more diverse than the firms they create (Hamilton, 2012; Storey, 1994). In fact, using biological terminology, Flynn et al. advocated that the "SME epithet approximates more to a genus than a species" (2015:445). For this reason it is necessary to compare conceptions of SMEs which allows one to note the differences, as the way that governments deal with their entrepreneurs is different, as was noted by Elkan when he pointed out that "African governments differ in their attitudes toward entrepreneurship" (1988:171).

What a comparison allows one to do is to consider elements contributing to the scarcity of high growth entrepreneurship that is thought to be characteristic of many countries. This scarcity has been reflected in literature that points out that the dominant face of entrepreneurship in the African context is that of the necessity or survivalist entrepreneur. Although not undermining the significance of small scale enterprises, it is necessary to acknowledge that it is not the predominance of these types of enterprises that sways poverty, unemployment and growth indicators in a country's favour, but rather it is high growth entrepreneurial activity (Urban et al., 2008). Given this, identifying the entrepreneurial conditions within the Swazi landscape is key, particularly as it reflects the character of the country's entrepreneurship. In fact, as had been mentioned in earlier elaborations on the original GEM framework (Niels et al., 2012), it has been argued that it is these entrepreneurial framework conditions (EFCs) that determine the levels of entrepreneurial activity within a country by influencing entrepreneurial opportunity and capacity (Díaz-Casero, Hernández-Mogollón and Roldán, 2011). To this end, Levie and Autio (2008) stressed the importance of the entrepreneurial framework conditions, proposing that they are determinants of the rules of the game and therefore changes in these influence the rate and nature of (productive) entrepreneurial activity.

If one considers the above to hold some truth, then government and its policy makers have a significant role to play in ensuring that EFCs are sufficient to bolster entrepreneurial activity. The direction that governments take in addressing issues that affect entrepreneurs is thus central to the development of enterprises. Adekunle stressed this point by mentioning that entrepreneurship is "a function of agency belief [as], the stronger the agency belief, the higher the entrepreneurial ability of the business holder" (2011:363). Within the context at hand then, the SME Policy as an agency determinant is a vital source that informs not just policy as an end in itself, but policy as a means to an end with the latter being broader perceptions of agency. The policy justifies its existence by that it is necessitated by the fact that the broader economic landscape within the country is replete with missed opportunities for SMEs, leading to a lack of economic growth (MEE, 2004).

Given the above, this section of the literature review aims to consider the different theoretical perspectives related to the entrepreneurial conditions identified within the SME policy, as well as present the proposed conceptual model. Deliberating on these conditions is necessary not only because they inform this study (along with the hypothesised research model) but also because the founding conditions of new ventures determine start-up conditions and have implications beyond the start-up phase (Bamford, Dean & McDougall, 2000), determining rate of growth, patterns of growth, as well as levels of growth. Figure 5 below presents the hypothesised research model for this study which outlines not just the conditions as specified in policy, but also their relationship to policy and their contribution to venture growth.

**Figure 5: Hypothesised Research Model**




What the model above illustrates is that the entrepreneurial conditions of access to finance, access to markets, business regulation, contract enforcement, education and training as well as business support programmes, as derived from the National

SME Policy (and identified as independent variables 1-6), have an impact on the dependent variable of venture growth. To this end, it is worth noting that the independent and dependent variables focused on in this study also show as conditions to be considered as part of the national and entrepreneurial framework conditions as per the original GEM framework (Niels et al., 2012). As based on the model, hypotheses are formulated from each of these variables and are tested in order to be proved or disproved against the dependent variable of venture growth. As can be seen below, Table 1 highlights what it is that policy states about the conditions identified, and further links each to the hypotheses they inform. As mentioned, all these independent variables (IV1-IV6) are tested to be proven or disproved against the dependent variable of venture growth (DV).

**Table 1: Variable Derivation from Policy and Linked Hypotheses**

| **Variables** | | **What the SME Policy stipulates** | **Linked Hypotheses** |
|---|---|---|---|
| **IV1** | **Access to Finance** | - Acknowledges that Swaziland has a relatively well developed financial market but that despite this, SMEs report that access to finance is the single most significant constraint to new ventures.<br><br>- Points out that there are challenges within the area of financial access, particularly for small businesses, as they often lack the collateral and the track record needed to access finance from financial institutions.<br><br>- Decries the high transaction costs and low returns of most loans offered.<br><br>- Makes mention of the disparities, noting that the lack of access to finance is more pronounced in rural areas.<br><br>- States that the government has a role to | *Ease of access to finance enhances venture growth for SMEs in Swaziland.* |

| | | | |
|---|---|---|---|
| | | play in enacting public financial institutions, but also acknowledges that government's efforts to provide direct finance have often been conflicting and competing.<br><br>- Points out the need for alternative solutions, with particular reference being made mainly towards micro-finance. It is acknowledged that this industry is too small to have an impact and therefore its future role should be enhanced and it should play a leading role.<br><br>- Associated with the above, it also outlines the need to enact effective regulatory mechanisms to facilitate alternative financing.<br><br>- Identifies that there is a need to increase the flow of loan finance from commercial banks.<br><br>- Identifies the need for the creation of a data bank on sources of finance and the appropriate dissemination of information on these to all areas of the country. | |
| **IV2** | **Access to Markets** | - Identifies market access as a major constraint for local small businesses.<br><br>- States that the lack of access to markets is a perpetual, vicious cycle which is out of control.<br><br>- Acknowledges that in instances where markets are available, SMEs struggle to meet demand and provide inferior quality goods and services.<br><br>- Expresses the lack of confidence in SMEs' abilities to meet market demands. | *Increased access to markets improves the growth of SME ventures in Swaziland.* |

| | | | |
|---|---|---|---|
| | | - Notes that both government and the private sector should position themselves as ready markets for SMEs through enacting procurement policies and systems that enable this.<br><br>- Points out that with liberalisation of trade, Swazi SMEs will increasingly have to contend with intense competition brought on by regional and international markets, where previously they had been shielded from this.<br><br>- Acknowledges, on an associated note, that government should play a facilitative role in aiding local SMEs reach external markets. | |
| **IV3** | **Business Regulation** | - States that government's intention is to create an enabling trading environment.<br><br>- Stipulates that government has made significant strides towards keeping licencing and other regulations to a minimum.<br><br>- Emphasises government's support for the informal sector and indicates the need for it to play a facilitative role in establishing and growing the sector through reviewing extant regulations and by-laws.<br><br>- States that government's emphasis should transcend a focus on regulation and extend to an emphasis on job creation and growth.<br><br>- Notes that there is a need to evaluate the impact of traditional regulations imposed on SMEs operating within the rural areas, particularly as these areas are more impoverished and need thriving small businesses to be established and thrive | *Stringent business regulation restricts venture growth within Swaziland.* |

| | | | |
|---|---|---|---|
| | | within them.<br><br>- Acknowledges that there is a lack of cohesion and linkages between regulation, policy and the actual growth of indigenous businesses.<br><br>- Points out the lack of direction amongst policy implementers within government, where the implementation of the concept of an enabling environment is concerned. This leads to widespread inability to provide the necessary assistance to SMEs.<br><br>- States that often the not-for-pay-services offered by government to SMEs to capacitate them on regulatory issues often undermines the efforts of private sector initiatives because SMEs pay for the latter. | |
| **IV4** | **Contract enforcement** | - Acknowledges that it is in a strong position to create an enabling legal environment which guarantees that aspirant entrepreneurs easily establish businesses.<br><br>- Notes the need to ascertain the effectiveness and impact of judgements made in the commercial courts and improving effectiveness levels should the need be identified.<br><br>- Acknowledges the need for a small claims court.<br><br>- Commits to continuing with developing plans to establish the small claims commercial court. | *Effective contract enforcement contributes to the growth of SME ventures in Swaziland.* |
| **IV5** | **Entrepreneurship Education/Training** | - Acknowledges the existence of limits of pre-vocational entrepreneurial training as a | *Access to entrepreneurial* |

| | | | |
|---|---|---|---|
| | | key hindrance to enterprise development.<br><br>- Considers the need for a concerted effort to be made towards entrepreneurship education so as to encourage aspirant entrepreneurs to establish their own businesses.<br><br>- Notes the relevance and need for combined efforts within different government ministries and portfolios, as well as amongst other stakeholders, for the provision of technical support.<br><br>- Emphasises the need for the training and accreditation of advisors so as to ensure that training received by SMEs is quality training.<br><br>- Undertakes to provide training to a selected sector (arts and handcraft) so as to enable them to take advantage of export opportunities that exist for their products.<br><br>- Notes that government's ability to provide meaningful training assistance and business advisory to SMEs is undermined by the fact that government officials lack business training and entrepreneurial experience. This undermines their credibility. | *education and training leads to enhanced venture growth amongst Swazi SMEs.* |
| **IV6** | **Business Support Programmes** | - Notes that the provision of business support programmes or business development services can reduce the rate of failure for SMEs because most fail due to a lack of management experience.<br><br>- Places emphasis on the role the institutions that provide this support play as it leads to improving the quality of SME | *Access to effective business support programmes enhances venture growth amongst SMEs in Swaziland.* |

| | | | |
|---|---|---|---|
| | | management.<br><br>- Acknowledges the need for more equitable access to business support programmes.<br><br>- Stipulates that initiatives within this fold should mainly be left to market forces, however it further notes the need for some coordination to ensure quality and even distribution of these services.<br><br>- States that service provision where business support programmes are concerned should be based on market assessment.<br><br>- Tasks the government public enterprise and incubator, SEDCO, with the responsibility of providing subsidised services.<br><br>- Further notes that SEDCO should move into a position of providing oversight on quality and decentralisation of services offered rather than direct assistance to SMEs. | |

Notably, although the GEM framework mentioned earlier considers even more conditions than what can be seen in the table above, the study concerns itself only with the conditions outlined here because they are also stated as crucial for the Swazi context by the National SME Policy. With due consideration given to the hypothesised research model and the table above, it is necessary to delve into an elaboration of the theoretical views pertaining to each of the entrepreneurial in a bid to ascertain whether they are perceived as possible antecedents to venture growth or not.

### 2.4.1. Entrepreneurial condition 1: Access to finance

From an international to a sub-Saharan perspective, access to finance has resonated in most studies as a critical area that is the Achilles heel of SMEs across a range of sectors. The inability of SMEs to gain access to adequate finance has long been considered a critical barrier to growth (Barbero et al., 2011), with some scholars agreeing that entrepreneurial finance is the biggest hurdle for start-ups and newly established business (Kerr and Nanda, 2009). Extant literature also suggests that the opposite holds true, that is to say it is considered that if a firm does not hold sufficient financial capital, this negatively influences its growth trajectory and overall performance (Cooper, Gimeno-Gascon and Woo, 1994) given that sufficient financial resources are seen to help the entrepreneur undertake bold entrepreneurial ventures that will facilitate growth (Bamford et al., 2000). If this is the case, then it would be interesting to evaluate the inhibitors and enablers of SME access to finance as this would potentially assist the large numbers of firms that cease business operations due to liquidity constraints.

Studies conducted amongst European countries, although empirically proving the importance of access to finance for entrepreneurial success, also acknowledge that it remains a problem for most SMEs, advocating for the use of alternative financing (OECD, 2012). Yet more studies conducted within an American context highlight the "belief that capital markets do not provide adequate funds for businesses, particularly new businesses" (Li, 2002:1816). This lack of access is detrimental for SMEs hence it makes sense that these authors advocate for the introduction of alternative financing that would make up for the shortfall through providing, for instance, informal microfinance alternatives or schemes (Adekunle, 2011; Akabueze, 2002). However, when deliberating on alternative financing, mainly as it relates to microfinance, scholars seem to agree that there is much more evidence supporting the effectiveness of this mode of financing within impoverished environments than there is in more developed environments (Newman, Schwartz and Borgia, 2014). On the Sub-Saharan front, research suggests that access to entrepreneurial finance is largely bi-modal with larger firms having open and easy access to finance and smaller enterprises that have very little or no access to this (Biggs and Shah, 2006).

These authors suggest that this is particularly so because “in conditions where financial markets are underdeveloped and access to credit is limited, the opportunity cost of capital is high” (2006: 3046). In essence, given the above views, it would seem accurate to accept, as widespread, the notion that access to finance is problematic for many small businesses.

In assessing the determinants of access to capital some studies have only focused on broad themes such as the types of finance available, who the financiers are and what constraints act as impediments (see, for example, OECD, 2012). However, it is suggested here, in line with Biggs and Shah (2006), that for an effective evaluation there is a need to be context specific, country specific and even sector specific. This specificity takes into consideration crucial issues such as the volatility of the operational environment, the future uncertainty of SMEs in a particular context, and the availability of hard and soft assets that could be used as collateral by lenders (Biggs and Shah, 2006). Further, financial market depth issues which determine public sector liquidity and the government’s ability to support SME are also addressed by context-based approaches. Xiang et al., further point out that this approach allows for a crucial examination of the dominant informational opacity that is said to be inherent within SMEs, which constrains their ability to access formal finance (Xiang et al., 2015).

Agreeing with the above, Beck and Kunt, in their empirically backed assertion, suggest that SMEs “face large growth constraints [as they have] less access to formal sources of external finance” (2006:293). They argued that this potentially explains the lack of SME contribution to growth because these lack the necessary financial support for them to make a contribution. Further studies that have looked into the impact of lack of access to finance, particularly for start-ups, concluded that liquidity constraints do actually have a significant and negative effect on firm growth (Bechetti and Trovato, 2002; Carroll and Hannan, 2000; Saridakis, Mole and Hay, 2012). Emphasising this point, Xiang, Worthington and Higgs, (2015) coined the concept of discouraged finance seekers whose default mode is not to seek finance

even when it is needed, because of the belief that their pursuit for finance will yield no results. This is similar to Vos et al.'s (2007) notion of cautious borrowers in that cautious borrowing tendencies mean entrepreneurs do not even attempt to approach financial institutions because of too many failed attempts at accessing formal finance (Vos, Yeh and Carter, 2007). With this, it could be argued that both discouraged finance seekers and cautious borrowers tend to go about their business without much needed financial support which could hinder just how much and how fast they grow.

With all the aforementioned, it could be argued that governments then have a significant role to play in addressing the imperfect capital markets (Li, 2002). In essence, these views are aligned to the fact that government is better placed to address these inefficiencies as intervention should not be left as the sole preserve of financial intermediaries who stand to benefit from lending capital to SMEs, which are often regarded as high risk (Kerr and Nanda, 2009). Given the above, this study sought to ascertain whether there is local evidence to suggest that access to finance has an impact on venture growth within the Swazi context particularly as the SME Policy pointed to the vulnerability of the local SME sector where their ability to access finance, particularly formal finance, is concerned (MEE, 2004). In light of the aforementioned literature then, the study hypothesised that:

*H1: Ease of access to finance enhances venture growth for SMEs in Swaziland.*

### 2.4.2. Entrepreneurial condition 2: Access to markets

Current literature shows that another one of the critical impediments to the growth of SMEs is access to markets (Naeglen and Mugeot, 1998; Stancher, Galtier and Russo, 2007). There is consensus amongst these authors that limited access to markets impedes SME growth, whilst the converse is true in that the ability of a firm to enter both domestic and international markets is perceived as being important for firm growth (Barbero et al., 2011). Location, availability of resources, as well as firm capabilities is seen as being important for firms in their bid to maximise access to

markets (Hansen and Hamilton, 2011). Just as important for firms, however, is their ability to identify market opportunities and exploit these, as well as to identify just who their services are geared towards, creating a client profile that identifies exactly who the joint core actors of the business are (Lam and Harker, 2015). This is to say that regardless of the existence of markets, appropriate marketing capabilities are important for start-ups (Barbero et al., 2011).

The abovementioned is particularly so because it is commonly accepted that businesses cannot start-up and survive without actively engaging in marketing themselves (Lam and Harker, 2015). Further, it is these capabilities that enable the individual entrepreneur to take advantage of the opportunities that exist, whilst ensuring that they are able to service the demands of the markets once they open up which is often a challenge for SMEs (Stancher et al., 2007). Another line of thought seems to discount the fact that access to markets is an impediment, arguing that adverse market environments do not have an undesirable influence on businesses (Bamiatzi and Kirchmaier, 2012). However, this secondary perspective is undermined by the plethora of empirical studies that seem to point to the significant influence of markets on firms.

Notably, an essential observation made in particular by Naeglen and Meugeot (1998) is that both the government and the private sector have a role to play in ensuring that SMEs are able to access markets through addressing market imperfections and providing ground for firms to compete in the marketplace. Where government is concerned, preferential public procurement is often suggested as a means of protecting infant industries and domestic suppliers. This trend of discriminating against foreign firms has been on the increase, resulting in governments being inclined to enact and support ‘buy-local’ policies which aim to bolster local production and create markets for locally produced products (Naeglen and Meugeot, 1998). This is thought to maximise ex-ante domestic welfare so it serves both business and social ends (Branco, 1994). In addition, where the private sector is concerned, it is suggested that it could play its part through supporting SMEs by opening up their value chains and ensuring the existence of quota-based internal policies that should

ideally flow from macro-economic policies and become internalised into the micro-institutional frameworks of large, private sector institutions (OECD, 2012).

However, it is worth noting that the shielding of local markets against foreign products and companies has significant disadvantages. Restricting access goes against the ideals of global inclusivity and the reduction of trade barriers, which has the adverse effect of limiting domestic firms' access to international markets. Suffice to say that with the growth in proponents of exclusionary market access tactics comes a rise in advocates of the view that discriminatory policies should not see the light of day and should be removed in instances where they have been put in place (Vagstad, 1995). With this view, what is being advocated for is that both policymakers and firms should interrogate and understand the consequences of closing off their borders, as this undermines the international growth prospects of domestic firms within global markets (Baum et al., 2011). This is particularly so because another perspective to the access to markets debate takes into consideration not only the homogeneity of local markets, but also the limited possibilities that these present as opposed to international markets. Stancher et al, for instance, pointed out that "in the wake of globalization and trade liberalization, opportunities to access new markets have increased" (2007:3).

The above then sways the debate from a local market access perspective to an international one where the gains to be attained by SMEs in the latter are seen to be much more than the ones they stand to gain locally. In fact, a growing number of authors have focused on the significance of internationalisation as a vital element for the growth of start-ups (Buckley and Casson, 2007). Supporting this, some studies have found that exposure to multiple markets and geographies is helpful for the growing firm (Pearce and Michael, 2006), particularly as this allows for increased sales, enhanced economies of scale, an increased customer base and the aversion of economic shocks inherent to local environments (Bamiatzi and Kirchmaier, 2012). All this highlights the importance of reducing financial and market barriers, particularly as these hamper the efforts of firms that want to internationalise (Baum et al., 2011).

While access to international markets seems to provide promising prospects for SMEs, Stancher et al., (2007) also noted the fact that due to a variety of factors such as lack of access to information, lack of marketing skills, lack of resources, inadequate production capacity and inconsistent supply, SMEs fail to compete within global markets. Studies carried out provide evidence that high growth, high potential SMEs could benefit from access to international markets for accelerated growth but, despite this, there is an underrepresentation of these in the global economy (OECD, 2012). Even more research in this area has focused on interrogating why some firms internationalise whilst others do not (Taylor and Jack, 2011). Over and above this, what has also provided fertile ground for research are the increasing examinations of the patterns and speed with which firms enter and make their mark in markets external to their own (Sapienza, DeClercq and Sandberg, 2005; Tolstoy, 2014). Although challenges exist for domestic firms wanting to be global, it could be argues that there is value in the assertion that access to markets, from a local to a global perspective, is necessary for accelerated venture growth. Given the above, along with the fact that the SME Policy stresses the need for market availability and laments lack of access as a vicious cycle (MEE, 2004), this study hypothesises that:

> *H2: Increased access to markets improves the growth of SME ventures in Swaziland.*

### 2.4.3. Entrepreneurial condition 3: Business regulation

An effective regulatory framework is essential to the emergence and growth of ventures, as government stipulations on what can or cannot be done in the economic space, as well as how it can be done, are all crucial considerations for entrepreneurs. This is particularly so as this framework governs the regulation of base factors such as company registration procedures and tax conventions, as well as the transaction costs that businesses are forced to contend with daily. Just how easy it is to navigate these is crucial because it would either deter or encourage prospective entrepreneurs from engaging in business ventures. It goes without saying then that flexible regulations are seen to promote entrepreneurship and therefore encourage the levels of entrepreneurial activity that happen within the formal economic domain, whilst stringent regulation is thought to achieve the

opposite - pushing businesses from compliance into operating in the outer margins of the bureaucratic gaze (Hart, 2007; Martinez et al., 2014).

Given the above, it has long been accepted that to increase entrepreneurial activity, governments should focus on the business regulations that are in existence and lay fertile ground for incentivising prospective investments (Elkan, 1988). Some authors have addressed the issue of business regulations as they pertain to entrepreneurship underscoring, as make or break factors, not only the enactment of appropriate regulations, but also the effectiveness of enacted regulations upon implementation (Gianetti and Simonov, 2004). Emphasising this point, these authors stressed that government's regulations, its laws and the taxes it imposes on corporates matter, and are strongly correlated to levels of entrepreneurial activity (Gianetti and Simonov, 2004).

A recent study (OECD, 2012) considered the burden of regulation on business, with its main aim being a reflection of the factors that contribute to this burden. In doing this, it focused on the following factors as parameters within which the regulatory framework can be viewed: a) administrative costs (start-up costs, length and ease of registration processes); b) bankruptcy regulations (time and cost of business closure); c) product and labour market regulations (labour regulations governing hiring and firing of employees, hours of work as well as incentive compensation); and d) taxes (income, capital and business taxes).

In view of how wide-ranging these regulatory issues are, it is not surprising then that there appears to be consensus within literature that the excessive regulation of businesses can and often does impose an undue and unnecessary burden on start-up firms (Abor and Quartey, 2010). This is particularly suggested because the most basic of all these determinants relates to administrative factors which include the cost of entry at the start-up phase (Gianetti and Simonov, 2004). It is perceived that the easier it is for entrepreneurs to start a new business, the more likely it is that more prospective entrepreneurs will consider it to be a viable option. Supporting this, Klapper, Laeven and Rajan (2004) and Fonseca, Lopez-Garcia and Pissarides (2001) agreed that there does seem to be an inverse relationship between stringent regulatory stipulations at start-up and the levels of entrepreneurial activity.

Whether it is through fundamental administrative costs or other associated factors, it is clear that effective regulation is necessary - particularly as it feeds into the rate and capacity at which new businesses are birthed and influences the rate or percentage at which they fail every year (OECD, 2012). Consequently, it is acknowledged that "a combination of opportunity, capabilities and resources does not necessarily lead to entrepreneurship if opportunity costs and start-up costs outweigh potential benefits" (2012:106). As was suggested earlier, the high cost of entry propels firms to operate in the informal sector as an alternative. It could therefore be suggested that the amount of informal businesses within any locale is a clear indication of whether the regulatory environment is favourable for businesses or not.

Although operating informally is seen as an option for some businesses, it has been pointed out that this is a two-edged sword, as whilst its benefit is the evasion of the high transaction costs of doing business, the drawback is that informal businesses do not have the protections provided by regulation (Kistruck, Webb, Sutter and Bailey, 2015). Ventures operating in an unfavourable regulatory framework are therefore stuck in a quagmire, having to determine whether to comply or not. However, should Maloney's (2004) observations on the persistence and burgeoning of informality in developing countries be taken as an indication of the state of affairs, it is clear that the aspirant entrepreneur in these settings is increasingly choosing to operate within the informal sector. This view is also true for the Swazi context, as the 2010 census conducted found that, quite significantly, 33% of the SMEs conducted their business on the peripheries of formal business within the black economy, as they were unregistered (MCIT, 2010).

An excessive tax burden could also be pointed to as a large contributor to small firm evasion of formal operations, as the amount of taxes that businesses need to pay as well as the complex processes that are involved in compliance could be seen as a deterrent to firms. It could further be argued that the burden is more significant for small firms because they lack the finances and resources necessary to comply. However, although common sentiment suggests that firms are tax-disadvantaged through not only needing to pay taxes on profit but also needing to pay income or

dividend taxes in many countries (Demirguc-Kunt, Love and Maksimovic, 2006), it has also been suggested that companies are used to this burden, hence it cannot be taken for granted that the existence of this is restrictive. This alternative view, which is aligned to perspectives presented in earlier works by Kihlstrom and Laffont (1979), seems to suggest that high taxes do not necessarily deter entrepreneurial prospects in cases of economic equilibrium. This makes sense if one takes into account the differences in corporate and individual taxes and how individuals are more likely to be entrepreneurial if their individual taxes are higher than the taxes they would remit as entrepreneurs. Despite this, the study is inclined to agree with the views of Klapper et al. (2004) and Fonseca et al. (2001), who suggest that the more stringent business regulations are, the less likely it is that individuals will start firms and grow them successfully. This study then focuses on business regulation as a predictor of venture growth for Swazi SMEs, particularly given that the SME Policy also notes the association between business regulation and the growth of SMEs. Hence, where business regulation is concerned, the study hypothesises that:

*H3: Stringent business regulation restricts venture growth within Swaziland.*

### 2.4.4. Entrepreneurial condition 4: Contract enforcement

As an inevitable fact of business is that "business relationships involve risks" (Biggs and Shah, 2006: 348), a country's ability to ensure an enabling environment for firms to engage in commercial contracts, as well as to ensure the enforceability of these, is key to the development of the business sector within it. The views of theorists on entrepreneurship consistently seem to point to the fact that the laws that govern contract enforcement have a bearing on entrepreneurial activity within any locale (Abor and Quartey, 2010; Beck and Kunt, 2006; Biggs and Shah, 2006). This is more so because these laws, if adequate, implementable and efficient, support market exchange (Welter and Smallbone, 2008). Non-enforceability of contracts has been noted to be a fundamental institutional weakness which constrains the growth of SMEs (Beck and Kunt, 2006). Looking particularly into the sub-Saharan context, Biggs and Shah commented that "legal and judicial systems in the region are plagued by antiquated laws and procedures, insufficient human and material

resources [as well as] poor management and corruption" (2006:3046). This creates a negative perception of their ability to enforce contracts effectively.

A defence that has been utilised where weakened legal systems are concerned has often been that levels of quality and sophistication differ for legal systems universally because the stages of development for these often vary as well (Biggs and Shah, 2006). To this end, then, it is deemed acceptable for legal systems in developing and developed countries to be incomparable not only in their quality, but also in their ability to enforce legal contracts. For instance, with the backlogs that are synonymous with court systems in developing countries, it is not reasonable to assume that these systems will resolve disputes in the same amount of time as those in developed countries, where backlogs are perceived to be outliers.

With due regard to the above, it could be argued that differences in levels of development should not necessarily translate into inefficiencies within the legal systems, as the latter compromises multiple factors. Although it is anticipated that there will be differences in legal systems, this is not necessarily bad as countries cannot simply adopt legal systems that emanate from more developed countries and hope that these will work in their context. Context particularities often have, inherent within them, a default reject setting, hence each context must have a mix of both the formal and informal institutions that the businesses engaged in commercial contracts are used to. In fact, it has been suggested that assuming a one-size-fits-all model when it comes to the enactment and adoption of legal systems is a farsighted ideal (Rodrik, 2003).

Some studies have also shown that legal systems, particularly within developing countries, are often seen as the domain of larger companies that can afford the drawn-out and notably high costs involved. So whilst larger firms often use court action as a threat to ensure that contracts are followed, smaller firms are not able to do so because they either do not have the resources to seek legal redress against

defaulters, or the amounts in question are too small to warrant this route (Biggs and Shah, 2006), hence, in the latter case, the end does not justify the means. With this being the case, it is necessary to consider what small firms can do in situations where going through the legal system for recourse does not work. Again, referring particularly to the Sub-Saharan environment, Biggs and Shah (2006) stated that upon realising just how unreliable and costly SSA legal systems are for the resolution of commercial disputes, SMEs limit their operations to dealing with customers that they can trust and have longstanding relationships with, as opposed to undertaking the risk of working with new ones. Other studies have affirmed that small firms are likely to seek alternative recourse if legal systems are perceived to be inadequate or to favour larger firms. A study of SMEs in Ghana showed how they use hybrid forms of institutions that are traditionally or culturally aligned so as to resolve contractual disputes, as opposed to approaching formal legal institutions for recourse (Amoako and Lyon, 2013).

Because of the above mentioned, both entrepreneurs and those that are considering entering into contracts with them will be hesitant to do so, as they feel they are unable to trust the system. The result of this is that individuals and businesses become wary of entering into contracts because legal systems are seen as "too costly, unworkable and corrupt for (the) resolution of commercial disputes" (Biggs and Shah, 2006:3047), thus hindering the development of firms. What exacerbates this situation even further is the uncertainty inherent in the SSA environment as a result of the volatility that characterises SSA economies and, arguably, most developing countries' economies. According to Biggs and Shah (2006) this makes it difficult to predict the progression of businesses, so whilst commercial contracts are entered into with projections having been made that both parties will keep their end of the bargain, there is no telling whether this will be the case as firms are susceptible to unforeseen environmental shocks that emanate from economic fluidities.

Having noted this, another perspective suggests that the stricter the rules governing contractual agreements are in a bid to avert opportunistic behaviour, the more likely

it is that these rules might discourage cooperative behaviour (Strätling, Wijbenga and Dietz, 2011). However, given the need to safeguard investments that companies make through the contracts they enter into, it is important to firms that rigorous compliance mechanisms be adopted to ensure that contracts are enforceable. With this in mind, it could arguably be said that Swaziland faces similar problems to those pinpointed by the authors speaking on the Sub-Saharan region. It is thus necessary for the SME Policy that effective contract enforcement be seen as necessary for entrepreneurial growth and acceleration (MEE, 2004). To this end, this study hypothesises that:

> *H4: Effective contract enforcement contributes to the growth of SME ventures in Swaziland.*

### 2.4.5. Entrepreneurial condition 5: Education and training

Linking entrepreneurial success and even venture growth to education and training within any locale is critical, yet it means there must be a basic acceptance of some fundamental assumptions. In particular, it requires the adoption of the position that entrepreneurship can be taught and is not merely something that one is born with. Notably, despite the increased numbers of entrepreneurial programmes as well as the accompanying body of literature within entrepreneurship as a field of study, Henry, Hill and Leitch (2005) pointed out that the debate in this area is still on-going as there remains considerable uncertainty on the issue of whether entrepreneurs are born or made. The authors found that "although there isn't much uniformity in entrepreneurship training, at least some aspects of entrepreneurship can successfully be taught" (2005:98). Kuratko (2005) also emphasised this point, stating that it is becoming clearer that certain facets of entrepreneurship can be taught.

In addition, Urban et al. (2008), drawing upon the tenets of human capital theory, pointed out the centrality of education to high growth entrepreneurship, implying a relationship between the two. This draws on the commonly accepted association of human capital and entrepreneurial success where increased human capital, whether formal or informal, is thought to lead to success (Cowling et al., 2015). The

importance of adopting these viewpoints is seen when one considers Chrisman and McMullan's (2000) knowledge gap perspective, which posited that there is a gap between knowledge that the entrepreneur possesses and the knowledge needed to ensure the success of the venture embarked upon. According to this perspective, the individual embarking on the entrepreneurial journey needs education or training to fill this gap.

Other scholars have supported the idea of the effect of education on entrepreneurship, with Adekunle (2011) stressing that educational attainment affects the managerial ability of entrepreneurs. It is important to keep in mind that entrepreneurial education also has to do with experiential learning and training, where there has been extensive literature citing that prior experience and the experience attained within the entrepreneurial venture aids in the development of tacit knowledge (Gilbert et al., 2006). Granted, there are perspectives that point to a negative correlation between performance and knowledge, with the reasoning here being that too much knowledge diminishes the returns that could be attained from a venture (Chrisman, McMullan & Hall, 2005).

Given all the elements of the entrepreneurship education debate, the dominant view seems to be that certain aspects of entrepreneurship are teachable, which makes the entire question of whether entrepreneurship can be taught at all a moot point for this study (Charney and Libecap, 2000). The more appropriate question then, becomes what should be taught and how it should be taught (Díaz-Casero et al., 2011). As substantiated by these and other studies within the field, this research paper is of the opinion that education is key to successful entrepreneurship. Hence, as interesting as it might be, the nature vs. nurture debate of entrepreneurship as a practice, is not a primary focus of this paper, as the underlying position taken here is that entrepreneurship education and training are the subject of interest in the entrepreneurial space because entrepreneurship can be taught.

Behind this assertion are researchers such as Pittaway and Cope (2015), who moved from an acknowledgement that entrepreneurship can be taught to attempting to examine the differences in the success rates of graduate-led ventures and non-graduate-led ventures. They admitted that there have been few studies linking entrepreneurship education to graduate venture creation and the success of these entrepreneurial ventures, however they suggested that even though the studies that exist show evidence that education positively influences actual entrepreneurial propensity, "what is not known, however, is whether this propensity or intentionality is turned into entrepreneurial behaviour" (2015:498).

Furthermore, when one considers the education-entrepreneurship association, it is necessary to take into account Kuratko's sentiment that entrepreneurial education must ensure exposure for entrepreneurial students to "entrepreneurs who have paid the price, faced the challenges, and endured failures" (2005:589), to ensure that it translates not just to venture creation, but also to venture growth. What this points to is that it is not just the presence of entrepreneurial programmes within educational institutions that matter, but the quality of these programmes as well. Some scholars have even pointed out that the core problem is that entrepreneurship education is archaic and leads to a lack of entrepreneurial excellence (Maré and Crous, 1995; North, 2002), because schools are "brilliant at educating children for the 1950s" (Van Schoor, 2000: 24). Although this turns the spotlight on entrepreneurship education at schools which is the most basic level of it, there is also a need to focus on entrepreneurship education as mentorship and training. Moving to the Swazi context then, the SME Policy (MEE, 2004) stresses how vital entrepreneurial education and training is for entrepreneurs to be productive, hence the study hypothesises that:

> *H5: Access to entrepreneurial education and training leads to enhanced venture growth amongst Swazi SMEs.*

### 2.4.6. Entrepreneurial condition 6: Business support programmes

The existing theory on business support for entrepreneurship has largely focused on how business support is integral for the survival of new firms, with Gnywali and Fogel

suggesting that “entrepreneurs need support services in addition to financial assistance” (1994:51). To objectively review the issue of business support demands, first and foremost, an acknowledgement that not all SMEs are objective and candid about their need for business support (Meyer, 2003). The magnitude and nature of these needs is thus often subject to speculation and the perceptions of the public and private entities that are willing to provide support with the latter being subsequently aligned to the needs of support providers as opposed to just those of the entrepreneurs true to the maxim of the piper’s paymaster playing the tune.

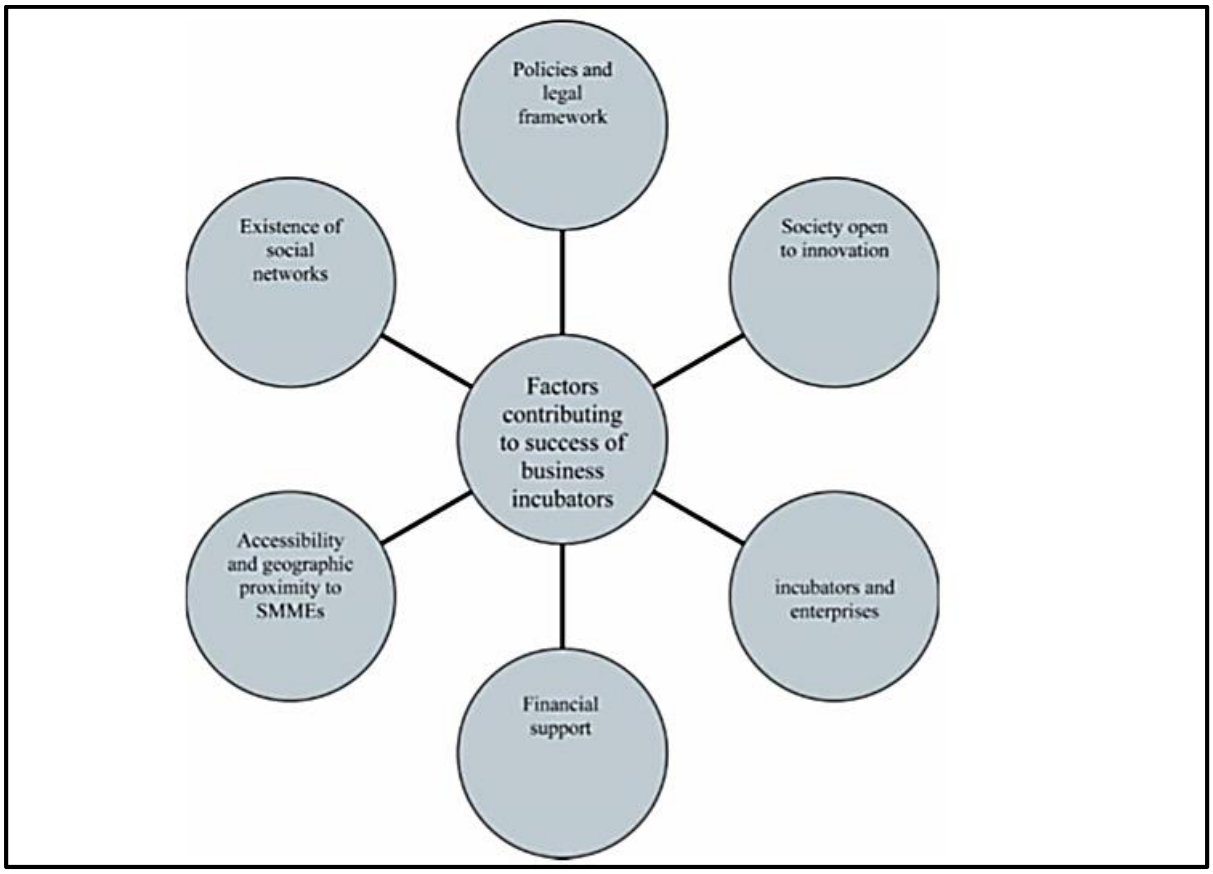
With this considered, it is not surprising then that some literature laments the absence of effective business support. For instance, Deakins et al. (1998) noted the adverse effect that the lack of business support programmes has on the start-up and growth phase of businesses. Other literature has focused not on the presence or absence of support, but rather on the type of support provided, suggesting that badly targeted support programmes can have an adverse effect on newly established firms as they often provide skewed, inadequate and distorted incentives (Meyer, 2003). Considering what support is necessary as opposed to offering blanket solutions that adopt an all-inclusive approach is necessary if interventions are to be effective. Hence the debate regarding the nature of support that SMEs ideally benefit from predominantly focuses on one of two perspectives - the nature and magnitude of assistance or support offered to entrepreneurs, and whether they are able to assimilate the support offered (Meyer, 2003). It is then argued that the effectiveness of support is dependent not just on resource provision, but also on operationalising or implementing capacity.

With the above noted, Schwartz (2011) stated that local, regional and international economic development policies promote business support initiatives as important means of bolstering economies, with emphasis being given to the effectiveness of business incubators. Whilst Al-Mubaraki and Busler (2013) saw business incubators as social and economic programmes aimed at enhancing start-up and business acceleration, they have also been seen as hybrid economic facilities which prioritise entrepreneurship and business facilitation (Rice and Matthews, 1995). Of the

services offered by incubators, shared operating costs; consultancy and administrative assistance; and access to networks, capital, expertise and technology have been highlighted as the most notable ones (Al-Mubaraki and Busler, 2013; McAdam and Marlow, 2007). Given the resource constraints of SMEs, support in the form of business incubators is thus vital for SME growth, as not only do SMEs benefit from the credibility of incubators, but they also benefit from the technological, business and managerial aids housed within these.

Notably, for incubation to be an effective support mechanism, it should be concerned not only with the tangible aspects of support but also the intangible needs of start-ups, such as offering expert services and advice that the entrepreneur would not normally be exposed to. As a result, incubators are often seen as a pillar of business support, because they collectively offer a wide range of tangible and intangible on-site resources and advice for SMEs, which allows them to thrive without needing to be experts in every business-related field (Patton, 2013). What draws even more attention to incubators is their tacit offerings to businesses, as these are fundamental to the growth of new ventures. Notably, however, whether a firm benefits from this is entirely dependent on their absorptive capacity, which determines how they learn from incubator personnel and assimilate information received into their own businesses (Cohen and Levinthal, 1990). In line with this, Ndabeni (2008) suggested that the success of incubators is dependent on factors such as policies, incubator accessibility, the availability of networks and financial support, as indicated in the figure below.

**Figure 6: Factors contributing to the success of business incubators**




*Source: Ndabeni (2008:264)*

Yet contrary to hailing incubators as the ultimate business support mechanisms, some researchers note their lack of effectiveness (Meyer, 2003; Lahti, 2014), whilst others simply comment that there is not enough evidence to point to just how influential they are to the success of small businesses (Aernoudt, 2004; Scillitoe and Chakrabarti, 2010). Furthermore, there are those who doubt the efficacy of businesses in an environment where the opportunity recognition process of individuals is highly commercialised, questioning the sustainability of ventures outside of the incubation space (Albert and Gaynor, 2003). To this end, it is suggested that most research that lauds the gains attained from incubators is skewed by survivor bias, in that it often takes into account perceptions of firms that have experienced these benefits and have survived because of them (Schwartz, 2011). Even within the incubators, some studies have found that there are disadvantages that emanate from the competitive nature of the incubator

environment. This is because as businesses grow, they become protective of their concepts hence the close proximity of businesses and the heightened dependence on incubator resources that were an advantage at start-up eventually become problematic (Barrow, 2001; McAdam and Marlow, 2007). This makes sense when one considers that a firm's image and reputation are its core assets, therefore the protection of its intellectual property and brand differentiators become vital as the firm establishes itself (Fischer and Reuber, 2007).

Further to the above, it is worth mentioning that evaluating the effect of business support programmes through assessing firms within their incubation period does not provide a clear picture of incubators' effectiveness as business support mechanisms for firms. Some theorists thus consider that there is a need to gauge start-ups' success levels outside of incubation parameters (Colombo and Delmastro, 2002; Schwartz and Gothner, 2009). Despite these criticisms, there is support for the view that incubators can be effective if executed properly through not focusing solely on offering tangible support at the cost of intangible support but rather offering both (Shemih, 2009). More to Swazi insights on business support, the SME Policy highlights the need for effective business development services to act as necessary conditions for SME growth within Swaziland. In particular, it speaks of the need to make business advice available to all new entrants into the sector as a means of ensuring that the sector, in itself, thrives (MEE, 2004) so where business support programmes are concerned, the study hypothesises thus that:

> *H6: Access to effective business support programmes enhances venture growth amongst SMEs in Swaziland.*

## 2.5. Conclusion of the literature review

The review of literature detailed above initially addressed the need for all entrepreneurial research to interrogate entrepreneurial activity with due consideration, given the context and particularities of the different frameworks. Dominant views in entrepreneurship literature were discussed which mainly

suggested that context specificity is crucial if the results of research will have a bearing on venture growth. From this, the review then focused on the role of policy in the entrepreneurial landscape, and even though there are contradictory views regarding this role, the view that policy intervention is necessary and plays a role in the provision of an enabling environment is more prominent than views that suggest that policy intervention is not necessary. Given this and having isolated the entrepreneurial conditions identified within the SME policy, the review then turned to ascertaining whether literature does indeed suggest that there is a relationship between these conditions and the growth of SMEs to which end it was found that most literary perspective support the fact that these conditions have an influence on the growth of SME ventures. Ultimately, the literature reviewed for this study has given multiple viewpoints on entrepreneurship, venture growth, entrepreneurship policy and entrepreneurial conditions considered to be prerequisites for a thriving entrepreneurial sector within Swaziland, enabling the researcher to address the empirical basis of the hypotheses at hand.

# CHAPTER 3: RESEARCH METHODOLOGY

## 3.1. Introduction

This section of the paper outlines the research methodology utilised in this study. Given that research is not confined to a singular approach or technique, the significance of this section is that it attempts to provide comprehensive mappings of the scientific enquiry embarked upon and offers insights into the actual process undertaken in the lead up to, during and in the analysis phases of this study (Kaplan, 1964). To this end it will outline the post-positivist, quantitative approach utilised within this paper and highlight the sampling procedures and data collection methods used, as well as provide a framework for the analysis and interpretation of data and further highlight the limitations of the research at hand. In addition to this, the aim of this chapter is to also consider the efforts made to assess the consistency and representativeness of the research, the research instrument and the resulting findings, by evaluating reliability whilst simultaneously looking into issues of causality as well as construct and concept validity.

It is essential that initial focus be placed on elaborating on the actual post-positivist paradigm selected, particularly given the common alignment of quantitative research with a purely positivist paradigm. The shift assumed here - one that moves from a purely positivist underpinning - is informed by the acknowledgement that although knowledge can be determined through scientific exercise and is therefore seen as empirical, it is also the perception held within this paper that the pursuit for knowledge cannot not be entirely objective. Further it is assumed here that researcher influence can, and most probably will, influence even in the slightest degree the nature of the study, the constructs adopted and the methodology utilised, even though it is anticipated that this influence will not necessarily translate to a significant impact or effect. Hence, given this, this paper's standpoint is that research does not need to be entirely subjective either, such as seen with some qualitative studies. Just how well the post-positivist quantitative paradigm adopted fits into the current study is the subject of discussion in the segment below.

## 3.2. Research paradigm

The impetus for shifting from a positivist to a post-positivist paradigm has really been driven by developments in different fields, which have often seen positivist propositions of neutral knowledge as problematic as they pit subjective and objective knowledge as mutually exclusive forms (Johnson and Onwuegbuzie, 2004). This study adopted a post-positivist quantitative paradigm because it reflects a fundamental shift from positivist ontological underpinnings which claim there is only one objective reality which exists independent of human perception and is laden with rhetorical neutrality (Maxwell and Delaney, 2004; Nagel, 1986). This perspective is not commensurate with views that argue for subjectivity and multiple constructed realities, which in and of themselves allow for more reflexivity (Johnson and Onwuegbuzie, 2004; Ribbens and Edwards, 1998).

Theorists who argue for post positivism have noted that it is time to consider that humans cannot be separated from their 'Being', leading to their inability to extricate themselves from the research process (Sandelowski, 1993; Walters, 1994). This line of thought opposes sentiments which suggest that research takes its validity from the detachment of the researcher as this argues that lack of researcher influence is impossible because researchers cannot be disassociated from the environments they are researching (Walters, 1994). Hence, as opposed to research being steeped in the tradition of a value-free framework and research inquiry being perceived and approached as a one-way mirror (Denzin and Lincoln, 1994; Guba and Lincoln, 1994), this paper adopts post-positivism particularly because it is seen as the approach governing contemporary empirical research (Phillips, 1990; Ford-Gilboe, Campbell and Beman, 1995). More for our purposes, the post positivist logic is significant in that even though it still holds logical reasoning and scientific evidence to be premium, it also acknowledges the need for a more realistic perspective of research (Bronowski, 1956; Schumaker and Gortner, 1992).

It is worth considering with regards to the quantitative nature of this study that extant literature focusing on research paradigms and methodology often focuses on the

paradigm wars that are characteristic in research which advocate for the incompatibility of qualitative and quantitative paradigms (Howe, 1988; Maxwell and Delaney, 2004; Nagel, 1986). What this incompatibility proposition suggests is that these approaches do not sit well together and therefore cannot be utilised together in research, given not only their epistemological, theoretical and methodological differences, but also the inherent distinctions between their respective interpretive frameworks (Brannen, 2005; Johnson and Onwuegbuzie, 2004). Advocating for differences and not similarities is further compounded by purists who sit on either side of the scale, adopting an either-or viewpoint which pits qualitative and quantitative research against each other along two binary extremes, proposing that "accommodation between the paradigms is impossible" (Guba, 1990:81).

Notably, however, there has been an increase in theoretical views that discount the necessity of this polarisation, arguing that it is unnecessarily divisive and that research approaches should rather be seen as occurring along a continuum (Atieno, 2009; Cresswell, 2003; Onwuegbezie and Leech, 2005; Patton, 1990) and not as separate entities. Proponents of this approach seem to align themselves to perceptions that the debate that separates the quantitative/qualitative approaches is philosophical rather than methodological (Atieno, 2009), hence this distinction is superfluous to a large extent as the two are not as mutually exclusive as they are thought to be (Clark, 1998). In fact, Hammersley (1992) concluded that, all things considered, there are more similarities between quantitative and qualitative paradigms than there are differences.

Despite the rise in views that seek more mixed perspectives to research, this study is better served by adopting the quantitative approach, but does not negate the claims pointed to above, particularly given that quantitative research is at times seen to provide findings that may be too abstract for application (Johnson and Onwuegbuzie, 2004). More importantly as well, the significance of quantitative research for this study is that: a) it allows for the making of testable claims based on theoretical perspectives; b) it enables the associated generation, measuring and testing of these hypotheses through the quantitative data attained (Bogdan and Biklen, 1998;

Cresswell, 2003); and c) it allows for the establishment of causal links between these hypotheses, enabling us to establish causality between the independent variables (IV1-IV6) and dependant variable (Saunders, Lewis and Thornhill, 2009); and d) it also minimises bias that would inherently be there in other forms of research.

## 3.3. Research design

The cross-sectional design adopted in this study is useful for the collection of data from a period in time, as it ensures that naturally occurring phenomenon can be collated through the surveys administered to the respondents as they happen (Liu, 2008). This is useful because it ensures that not only is the research collected within the time period allotted, but that it is adequately reflective of what is occurring in the entrepreneurial space being evaluated. Notably, because the nature of the observation made implies continuity as it speaks of growth, it would have been ideal to use time series cross-sectional data. However this could not be achieved because of the lack of continuous statistical data on the population of entrepreneurs within Swaziland. What this type of data would have done is provide repeated observations of the unit of analysis annually at a fixed period (Beck, 2001) thereby enhancing the findings by giving a comparative outlook on the nature of venture growth within Swaziland. To mitigate the lack of this, the same comparative outlook was achieved through cross-regional comparisons. These cross-regional comparisons foreground the need to source data from the country's four geographical regions (Hhohho, Manzini, Lubombo and Shiselweni), which allowed for comparative data on the occurrences within the entrepreneurial space.

## 3.4. Population and sample

### 3.4.1. Population

When defining SMEs as a population, the issue of context comes into play because, as mentioned in earlier sections of this paper, SME definitions lack universal applicability (Abor and Quartey, 2010), therefore it cannot be taken for granted that what constitutes an SME in one locale will be the same in the next. However, in

general, market share, number of employees or size of firm, turnover, profit, years in business, value of fixed assets as well as ownership and management structure are some of the indicators that have commonly been used in classifications of SMEs (Weston and Copeland, 1998). Definitions often juxtapose turnover and employee numbers as key determinants however, whilst there is often also a distinction made between SMEs in developing and developed countries, with due cognisance given to the fact that differences within these clusters lead to dissimilar perspectives on what does and does not constitute an SME (Van der Wijst, 1989).

As the definitions in different contexts, regions and countries are not uniform, the essence of this elaboration on the total population of SMEs being studied within the Swazi context is aimed at lending clarity on the country's interpretation of what constitutes an SME. Despite the naming complexities mentioned above, the SME population is defined by the government of Swaziland through the National SME Policy (MEE, 2004) in the manner outlined in Table 2 below. This classification is further affirmed in the Ministry of Commerce, Industry and Trade's National SME census report (MCIT, 2010). Notably the categorisation includes micro enterprises, which for the purposes of this study fall within the broader population of entrepreneurs, more so as they are at the start-up phase and are thus included within the parameters of this study.

**Table 2: Classification of SMEs**

| CATEGORY | MICRO | SMALL | MEDIUM |
|---|---|---|---|
| **Value of Assets** | Under E50, 000. 00 | E50,000 to E2 million | E2 million to E5 Million |
| **Staff employed** | 1 to 3 people | 4 to 10 people | 11 to 50 people |
| **Turnover** | Up to E60, 000. 00 | Up to E3 Million | Up to E8 Million |

*Source: MCIT (2010:12)*

The classifications above are also used within the census report but the fact that the census was only conducted once introduces complexities, as the lack of recent statistical data undermined the researcher's ability to generate a representative sample, thus limiting the generalisability of the study. In addition, the lack of continuous, year-on-year statistical data prevented the study from gaining a longitudinal perspective that would enable both annual and regional comparisons of the rate or levels of venture growth. Despite these challenges, the census was helpful in that it gave an indication of the entrepreneurial landscape. In particular it was found that there was a total of 4,926 SMEs in Swaziland (MCIT, 2010) as seen in Table 3 below. Of these, 1,604 were unregistered and were therefore trading within what was referred to as the black economy, mainly as they were operating within informal premises or from their own backyards and had not been legally registered. This is significant given that the figure represented 32.5% of the total SME population at the time. Just as important was the concentration of SMEs within the Hhohho and Manzini region (refer to Table 3), which are more urban areas. Notably the study also indicated that these had the highest number of unregistered businesses (27.6% and 31.8% respectively).

**Table 3: Distribution of SMEs by Region**

| REGION | TOTAL | PERCENTAGE (%) |
|---|---:|---:|
| Hhohho | 1,372 | 27.8 |
| Manzini | 1,706 | 34.6 |
| Shiselweni | 1,007 | 20.4 |
| Lubombo | 841 | 17.2 |
| **Total** | **4,926** | **100** |

*Source: MCIT (2010:17)*

A disturbing finding was that a significant proportion (93%) of the formal businesses were found to be one-man/woman firms that existed only as sole proprietorships, while registered businesses made up only 4.5% of the total population, as can be seen in Table 4 below.

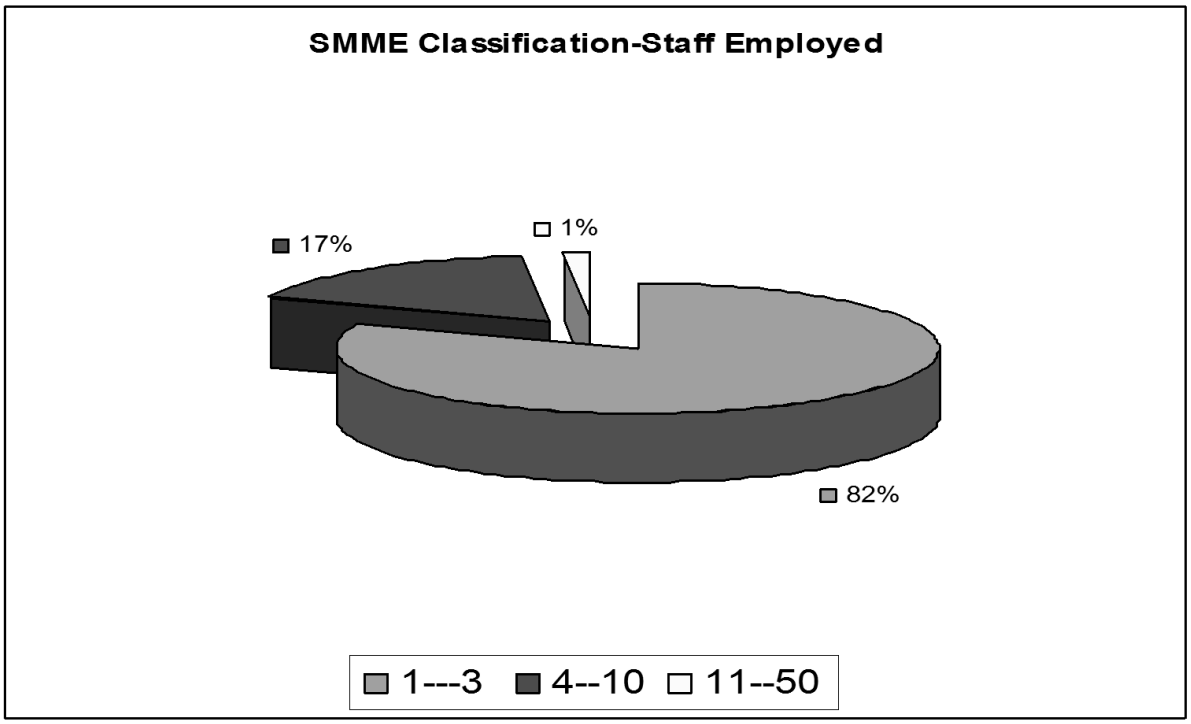
**Table 4: Swaziland SMEs by type of Ownership**

| REGION | Sole Proprietorship | Registered Company | Partnership | Other | TOTAL |
|---|---|---|---|---|---|
| **Hhohho** | 828 | 81 | 14 | 4 | **927** |
| **Lubombo** | 566 | 9 | 10 | 2 | **587** |
| **Manzini** | 1109 | 61 | 20 | 7 | **1197** |
| **Shiselweni** | 583 | 12 | 11 | 5 | **611** |
| **Total** | **3086** | **163** | **55** | **18** | **3322** |

*Source: MCIT (2010:23)*

Furthermore, as indicated in Figure 7 below, the survey found that even though small and medium enterprises are perceived as being key to employment creation, the majority (82%) of SMEs within Swaziland at the point had less than three employees, while only about 1% within the medium enterprise category employed from 11 to 50 employees and 17% had a total of between four and ten employees. This is significant because the SME policy (MEE, 2004) states that where there is a conflict in classification between value of assets, turnover and staff employed, then a business is to be classified according to the number of employees it has. With this in mind, by classification 82% of the SMEs surveyed would fall under the micro enterprise banner, regardless of the fact that the value of their assets might exceed E50, 000. 00 or that their turnover might be over the E60, 000.00 limit.

**Figure 7: Classification of SMEs by Employee numbers**




*Source: MCIT (2010:24)*

With all this considered, it is clear that the entrepreneurial landscape, as it stood in 2010, was characterised by mostly urban-based SMEs that operated, in part, as registered businesses that were mainly owner managed and run, with the exception of a few that hired more than ten employees. Although other factors such as gender were considered by this survey, they were not necessarily significant for this study as they were not isolated as key differentiators within it. It is worth noting that the statistical data outlined above was dated and therefore did not provide an up-to-date picture of the total population of SMEs in 2015, but it was useful for the researcher's purposes because not only was it the only census data available to depict the character of the SME landscape and therefore provide a picture of the total population of SMEs, but it was also the most recent depiction of the total population of SMEs across all regions and sectors of the Swazi economy.

### 3.4.2. Sample and sampling method

Although it would have been ideal to administer the questionnaire to the entire population as defined above this was not possible, hence a non-probability convenience sample (n=200) was selected for use in this study. The sample selection method was chosen because random sampling was not possible, although it would have been the most ideal and most representative method. In essence, although the total population of entrepreneurs in Swaziland may be finite, it is not empirically quantified which leads to a lack of data that can be used to extrapolate a random sample. For this reason, a non-probability convenience sample was seen to be an acceptable alternative. With the absence of current statistical data came the lack of a sampling frame that could be selected on the basis of actual numbers, geographic allocations or other related allotments which might be within the research's interest parameters. It followed then that individual entrepreneurs formed the basic sampling unit. These were sourced from the only public incubator available to entrepreneurs, which was established by the government, namely the Small Enterprise Development Company (SEDCO). Although non probability sampling, as a procedure, has been said to be the "least rigorous technique [as it] involves the selection of the most accessible subjects" (Marshall, 1996), it did serve the purposes of this research in that the subjects selected (see Table 5 below) were attainable.

**Table 5: Profile of Respondents for Quantitative Research (Surveys)**

| Institution | Location | Incubation Period | Industry | Sampled |
|---|---|---|---|---|
| SEDCO | Hhohho | 1- 10 years | Random | 50 |
| SEDCO | Manzini | 1-10 years | Random | 50 |
| SEDCO | Lubombo | 1-10 years | Random | 50 |
| SEDCO | Shiselweni | 1-10 years | Random | 50 |
| **Total** | | | | **200** |

The size of the sample (n=200) encompassed a significant proportion of the entrepreneurs within the selected incubator, but even with that considered, it was not prudent to make assumptions about whether it was large enough to be representative of the entire population of entrepreneurs because, as mentioned previously, this universe was largely an unknown factor in 2015. This fact had significant implications for the research, given the often sought after need to extrapolate findings from the sample population to the entire universe, as is characteristic of the quantitative research paradigm. The latter cannot, in this case, be achieved because of the weakened generalisability.

Given the nature of the sample, the research could be seen to be open to challenges as a result of sampling error as well as a systematic bias. These are not the exclusive preserve of this study however, because it has long been acknowledged that errors or limits are synonymous with any research, regardless of the paradigm adopted or technique utilised (Gideon, 2012). Errors are often associated with sampling in research, particularly within surveys, and this study is not exempt from that. This is mainly because not every member of the actual universe has the probability of being sampled given that this is a non-probability sample. That is not to suggest that samples selected through probability techniques lend themselves to a zero-margin of error, because even these are susceptible to a theoretical margin of error simply because of the fact that they are derivatives of the entire population and not the actual population (Gideon, 2012). The margin of error was likely increased here, however, because of the non-probability nature of the sample.

The study was also susceptible to systematic and researcher bias, but it was anticipated that this could be minimised making the results adequately reliable. Recent studies indicated that a margin of error can be reduced by increasing the sample population (Gideon, 2012). Although this would have been the obvious starting point here, it was impossible to justifiably go beyond the incubator SEDCO and include other independent entrepreneurs without running the risk of increasing variance. To minimise the margin of error the researcher sought to sample from the different regions within the country, with the underlying assumption being that

enhanced geographical representation would lead to improved representation. Even more effort was made to minimise the systematic bias discussed earlier, which was a result of potential biases that resulted from possible researcher influence. Controlling for systematic bias was done through using a close-ended questionnaire, and further through administering the questionnaire to entrepreneurs within all the incubator's branches as opposed to selecting entrepreneurs based on selected criteria which would lay a basis for bias. It was anticipated that the attempts made to control for the aforementioned errors would serve to improve the validity of the results.

## 3.5. The research instrument

Despite the call for a richer set of indicators to be used in entrepreneurship research (Shaker and Wright, 2011), this study confined itself to six variables which are hypothesised to have an impact on venture growth (as can be seen in Table 1 above). This is mainly because only the constructs relevant to this study were used, which were the ones identified as necessary variables as informed by the Swazi context through the SME Policy. Even within these, some elements were adjusted to fit both theory and context.

The questionnaire was divided into two sections, with section 1 (Q1-Q6) attempting to attain descriptive data on the SMEs in question, including elements of the sector they were operating in, the region they were located in, the number of years that they had been in business, the ownership of the business, its annual turnover as well as the number of employees it had (refer to Appendix A for questionnaire). This general data was sought so as to give a clearer indication of the type of the businesses that were sampled, as well as an indication of their size relative not only to their age, but also to the amount of money they made. These elements were seen as key because SME classification takes these factors into account. It is also the view of this study that these factors provided rich data for a holistic understanding of the firms. For instance, a comparative view of years of operation versus number of employees, gives a deeper understanding of the company's growth orientation which

is a significant factor of venture growth. Section 2 of the questionnaire was close-ended and sought to attain ordinal data based on whether the respondents agreed with the statements posed or note. Table 6 below shows a summary depiction of the data sought within both sections and also provides the reasoning or actual purpose of the measures sought along with an indication of the sources from where the questions were adapted.

**Table 6: Summary Depiction of Purpose for Questionnaire Measures**

| Section | Question | Purpose of measure (as adapted) | Original Instrument |
|---|---|---|---|
| Section 1 | Q1-6: Descriptive (general) | Gaining an understanding of the nature and scale of the SMEs sampled. | National SME Census (MCIT; 2010)<br>National SME Policy (MEE, 2004) |
| Section 2 | Q7: Finance | Gaining an understanding as to whether the respondents observed that there was sufficient, adequate access to formal and informal finance. | GEM Adult Population Survey (Niels et al., 2012) |
| | Q8: Markets | Gaining an understanding of whether the respondents perceived that there were adequate markets and support for the creation of these. | GEM Adult Population Survey (Niels et al., 2012) |
| | Q9: Business Regulation | Gaining an understanding of respondent perspectives on whether business regulations are not unduly prohibitive, | GEM Adult Population Survey (Niels |

| | | | |
|---|---|---|---|
| | | predictable, consistent and easy. | et al., 2012) |
| | Q10: Entrepreneur-ship Education | Gaining an understanding of the sufficiency of entrepreneurship education and training at various levels. | GEM Adult Population Survey (Niels et al., 2012) |
| | Q11: Contract Enforcement | Gaining an understanding of whether respondents felt that the legal system, through the courts, provided adequate protection for commercial contract enforcement. | GEM Adult Population Survey (Niels et al., 2012) |
| | Q12: Business Support Programmes | Gaining an understanding of whether respondents perceive that there was adequate public and private support programmes for SMEs. | GEM Adult Population Survey (Niels et al., 2012) |
| | Q13: Venture Growth | Gaining an understanding of the respondents' perspectives with regards to their businesses' growth orientation and ascertaining levels of actual growth. | GEM Adult Population Survey (Niels et al., 2012) |

The research instrument used was a questionnaire (refer to Appendix A) that was adapted from the primary questionnaire used in the GEM's Adult Population Survey (Niels et al., 2012). This questionnaire is standardised for the different countries and administered on a face-to-face basis in most countries. Furthermore, the research instrument created used a summated 5 point Likert-type scale, where the five points along the scale indicated levels of agreement to disagreement with statements made. The points within the Likert scale were numerically represented as follows: strongly agree = 1; agree = 2; uncertain = 3; disagree = 4 and; strongly disagree = 5. The use of this scale was suitable for the study because it is seen as beneficial for

measuring the perceptions of a collective of entrepreneurs, per region, within each construct.

Despite this, however, the Likert-type scale has its challenges in that even though it does indicate whether respondents agree or disagree with a construct, when its results are analysed as a collective, they do not lend more insight into the actual nuances informing the rate of favourability or the lack thereof. That is to say, even though this study has, as part of its findings, a sense of levels of agreement versus those of disagreement, one cannot detect the true extent of the variations behind the agreement or disagreement. As this type of measure does remain silent on this issue, it could be argued that a lot of gradation that could further enrich the nuances of the study is left untouched. However, given the quantitative nature of this study, the variations provided were sufficiently adequate to provide comprehensive data on whether SME respondents within the sample approved or rejected the sentiments in the statements provided. It is worth noting that all the questions were phrased positively so as to avoid confusing the respondents. To minimise this, the questionnaire was administered through face-to-face interviews and where there was a lack of clarity this was provided as a means of getting more accurate responses.

## 3.6. Procedure for data collection

As mentioned earlier, the data was collected within the country's four regions through the incubator SEDCO. A request letter was sent to the SEDCO headquarters and follow-up calls were made to the Estate Manager, who granted permission for the research to be conducted. The administrator then alerted the administrators of the different regional estates of the intent of the study and the period of the research. Given SEDCO's nationwide presence, the research data was collected in two phases within the regions, which were stratified based on proximity to each other, with Hhohho and Manzini (R1 and R2 respectively) being within the first phase and Shiselweni and Lubombo (R3 and R4 respectively) being in the second.

Data was collected over a period of one month, with each phase accounting for two weeks, which allowed for the enumeration process to be completed. During this period all the respondents within the incubator were asked questions, with the only qualifying criteria being that they needed to be owners of the businesses and not employees. Where the owners of the businesses were not found on a particular day arrangements were made to see them on subsequent days. The period of the research took into consideration the fact that even though the questionnaire was administered through face-to-face interviews, which should ideally eliminate issues of non-response, there was a need to ensure that there was sufficient time to address ambiguities and provide clarifications where those were sought. Upon completion of each of the phases, data from the questionnaires was collated, checked for errors and computed for filing in Microsoft Excel in preparation for the analysis to be done using the SPSS package.

The face-to-face interview method was selected for this study based on the evident need to eliminate non-responses. The need for this was informed by the initial pilot study which showed a significant lack of responses, as: a) there were fewer questionnaires returned than had been anticipated; b) some of the questionnaires had a large of volume of questions unanswered; and c) most of the responses indicated ambiguity, which might have been due to perceived complexity on the part of the respondents. In essence, what the pilot study indicated was that the research instrument was highly susceptible to non-response error and the use of face-to-face interviews was meant to circumvent this. Face-to-face interviews have often been hailed for the significant advantages they hold over non-interview surveys as they enable direct human contact and interaction, which, in turn, allows for better respondent cooperation whilst assisting to address ambiguities by interviewers, thereby serving to increase the response rate (Gideon, 2012). With this said, inherent within the advantages outlined here are also the disadvantages of the method, which include issues of high-cost and time, as well as others that will be elaborated on subsequently.

Gideon (2012) pointed out that in selecting this method, researchers are often faced with a trade-off, as on the one hand using it means one has accurate, rich and complete data with the highest rate of response, whilst on the other hand it leaves researchers with the highest potential for interviewer effects which could lead to bias. Further, the respondents are more likely to adjust their behaviour and give answers that they perceive desirable, as opposed to answers that they would have given in other self-administered instruments. Despite this, it was felt that this was the best method to use because the prospect of comprehensive responses far outweighed the anticipated drawbacks. This is particularly so because efforts to minimise this bias were made by ensuring that fact-based clarifications were given in areas where explanations were necessary. Respondents were also encouraged to answer based on their experiences as entrepreneurs rather than from their perceptions. The selection of entrepreneurs who had already established their businesses within the incubator helped in that their responses were not informed by perception but rather by reality. To a large extent this minimised interviewer bias, because the entrepreneurs often had personal experiences with each of the constructs being deliberated on.

## 3.7. Data analysis and interpretation

As will be elaborated on in chapter 5, data analysis for this study will firstly delve into an analysis of the descriptive statistics outlined within the findings. This will lend insight into the nature of the sample, outlining the frequencies and spread of the basic descriptive data. Lee (2015) noted the significance of these descriptive statistics in business research, with centrality reflecting the most representative response across the whole sample and spread, indicating how the range of data within the complete set of responses. When analysed, these will aid in providing a comprehensive picture of which variables are common amongst the regions. Furthermore, in a bid to look into the validity of constructs, an exploratory factor analysis was also conducted for the different constructs. This was preceded and informed by the Kaiser-Meyer-Olkin Measure of Sampling Adequacy and the

Bartlett's Test of Sphericity, which served to indicate the suitability of the factors proposed for the research at hand. A scree plot will be presented to show which of the variables were retained as factors within the study and whether there were any cross-loadings amongst the factors.

In addition to the factor analysis, an analysis of correlations between the dependent variables of venture growth and the independent variables was also conducted and the analysis segment of the study will provide a picture of the correlations amongst these and also of the correlations amongst the independent variables themselves. Although the latter is not the main concern of this study, it does serve to examine whether these variables are not too strongly correlated so as to lend the study to issues of multicollinearity. Furthermore, a multiple regression analysis was conducted in a bid to assess whether there is, in fact, causality between the different independent variables and the dependent variable (Lee, 2015). Given this, it was expected that using multiple regression would enable the researcher to ascertain what level of venture growth is explained by each of the independent variables, which are, in the case at hand, the entrepreneurial conditions.

## 3.8. Limitations of the research

When considering the limitations of this research, it could easily be said that these are aligned to the errors that are characteristic to research as brought on by, for example, the methodology, sampling procedures, the actual sample, data collection techniques and instruments, as well as the analysis undertaken. According to Lee (2015), the key things to look out for that could lead to errors and therefore minimise the effectiveness of the research are: a) measuring incorrect variables; and b) having an incorrect sample of observations. Given that the constructs are adopted from salient elements identified in both the literature and the policy, it is clear that the variables measured are, in fact, relevant to the study. Further, given that the sample was taken from existing entrepreneurial firms which were in operation, the sample was relevant. Despite having ensured that the fundamental elements were

adequately addressed, the study does have some limitations which are discussed below.

In the first instance, what could be considered a limitation is that although there is value in focusing on the public sector as most of the SME Policy addresses issues within the macro-environment, there could be increased significance in adopting a more inclusive approach which would include the private sector. This is said because the latter would give a more comprehensive picture of the policies and programmes that exist to support entrepreneurs. In essence, it would also help to determine whether any of the factors identified by the public policy have trickled down to the institutional policies of private sector firms. Hence there is a need for further research that combines the two approaches as opposed to only addressing one.

Another limitation of this study emanates from the selection of the sample using convenience sampling. This limitation was noted earlier in terms of potential sampling error, given that there was a possibility of bias in the sample population which limits generalisability. Also, because this sample population was drawn from SMEs within the public incubation space this ruled out the drawing of inferences to the entire population, because not all SMEs have been incubated within this space as- some had assistance from private sector programmes and yet other start-ups operate on their own. Although this is a limitation, it was anticipated some of this bias would be addressed through the fact that the sample was drawn from all four regions of the country and did not pick certain sectors over others.

## 3.9. Validity and reliability of research

### 3.9.1. External validity

Testing for validity is simply an attempt to ascertain whether the study does measure what it is intended to measure (Lee, 2015), and therefore is a means of finding out whether similarities and differences exist. In fact, Joppe (2000) stated that ascertaining validity is about ensuring whether the research hits the bull's eye of the research objectives. For this reason, efforts to ensure external validity are truly attempts at guaranteeing the generalisability of results between constructs, as well as across settings, circumstances, times, measures and the population itself (Sackett & Larson, 1990; Sussman & Robertson, 1986). To this end, it has been said that researchers often ensure validity by seeking answers in the works of other researchers (Golafshani, 2003), mainly because it is acknowledged that researcher perceptions and paradigm assumptions influence observations on validity (Cresswell and Miller, 2000).

With due consideration given to the above, this study attempted to augment external validity by comprehensively examining the existing literature pertaining to both the dependent and the independent variables, with the core aim of aligning these. In line with Scandura and Williams (2000), this study also attempted to guarantee external validity through the choice of sample by ensuring that the occupations of the subjects were aligned to the actual population being studied, so that, in as much as it cannot be entirely representative of the actual population of SMEs nationwide, it is still a fair representation of these. Worth mentioning is that an exploratory factor analysis to ensure construct validity was also conducted, so as to make certain that the constructs utilised: a) fit the theories they were designed to test; and b) were valid representations of constructs so as to enable valid inferences (Stone-Romero, 1994). The results, which were attained though a principal component analysis extraction method, will be presented in Chapter 4.

### 3.9.2. Internal validity

Enhancing internal validity within this study is important because the study sought to establish a causal relationship between the variables selected and venture growth, and therefore claims towards the existence of such have to be reliable. In the first instance, attempts were made to ascertain internal validity by making certain that procedures that govern good research practice were followed. This included, amongst other things, making sure that the respondents did not feel that the research being conducted would disadvantage them, and guaranteeing that their responses remained confidential. It was imperative that the respondents were made aware of this because, for all intents and purposes, SEDCO is their landlord and any misunderstanding pertaining to the real intent of the research would be perceived as being detrimental to their wellbeing and their continued stay within the incubator. In addition to the above, given that the pilot study indicated complexities in some constructs, these were simplified to ensure that the respondents fully comprehended what was being asked, whilst the move from self-administration of the questionnaire to face-to-face interviewing was based on the need to address any ambiguities and provide clarity within the instrument itself. To further minimise threats to internal validity, it was necessary to ensure that the data for the pilot study were not collected from within the actual sample population, but rather from amongst other entrepreneurs.

### 3.9.3. Reliability

Reliability in research pertains to the consistency and representational accuracy of results within a particular study, which is often judged by the reproducibility of the results (Golafshani, 2003; Joppe, 2000). Just how reliable a study is significantly impacts its value, because it is the foremost way in which a researcher can convince audiences that “the research findings of an inquiry are worth paying attention to” (Lincoln and Guba, 1985:290). Notably, reliability measures are not universal to all types of research but differ based on the paradigms adopted by different studies. Hence, judging the reliability of any study should be done based on its own paradigm’s terms (Healy and Perry, 2000). For quantitative research such as this, it

has been pointed out that reliability can be tested by looking into whether a measurement is the same repeatedly, the stability of a measurement, as well as the similarity of measurements in a given period (Kirk and Miller, 1986).

Given the above it was clear that this study also had to boost its own reliability, even though the results are not to be extrapolated and generalised. For this study, ensuring reliability and, by association, consistency has more to do with the replicability of results (Golafshani, 2003) over time, which serves to guarantee that measurements taken at any period would be reliable. Running the questionnaire through a pilot phase was a necessary component of this. The pilot was conducted amongst a smaller number of respondents, with an initial 40 questionnaires being administered and 22 of these being returned. Of these, two were answered partially making the final number of responses analysed 20 (n=20). The characteristics of this pilot sample resembled those of the actual sample population, i.e. they were SMEs that had gathered for the purposes of exhibiting and selling their wares or promoting their services at the country's only international trade fair. Using these respondents for the pilot study was thought to be appropriate because they also emanated from the four regions within the country, making the pilot more reflective of the actual respondents.

Based on the results of the pilot test, the research instrument was adjusted and re-tested on an even smaller sample (n=10) to ensure stability as well as equivalence. This test-retest method has been pointed to by some as significant to ensuring stability, given that should the results be similar, then the instrument can be seen as stable and increased stability means increased reliability (Charles, 1995; Joppe, 2000). To the contrary however, Golafshani (2003) noted that this method can sensitise respondents, thereby achieving quite the opposite of increasing reliability. This was addressed in this study by using a different pilot group than the actual sample group. To further minimise variation within the results in an attempt to increase reliability, the selection of sample units from within the regional offices of the same incubator proved helpful in that it minimised variations between the

different segments of respondents. So, although the geographic location was significantly different which could have led to significant variations in the responses received, this was minimised by the use of a national incubator and not randomly selected entrepreneurs. Further to the means outlined above, the reliability co-efficient Cronbach's Alpha was also run to assess the consistency and reliability of scores, the results of which will be presented in the subsequent section which details the research findings.

# CHAPTER 4: PRESENTATION OF RESULTS

## 4.1. Introduction

Within this section of the study, the intention is to present the findings of the quantitative research undertaken. The chapter is structured towards first presenting the demographic profile of the respondents within the sample in a bid to lend clarity pertaining to their location, the spread of the sectors within which the SMEs questioned operate per region, their trading vehicles (nature of ownership), the general spread of the number of years that they had been operating, their annual turnover as well as the number of employees they had. Following this description, the section will then turn its focus to the constructs identified and utilised within the research. To this end, the results attained from the analysis of the measurement scales' validity and reliability will be presented as a way to establish whether they were adequate measures that were aligned to the objectives and central arguments made within this research.

So as to enable an appropriate analysis of the constructs, and in particular the relationship between the independent variables and the dependant variable of venture growth, a summated scale of each of the constructs was computed and will be presented herein. This summated scale will enable an analysis of correlations. To end this chapter, the results of the multiple regression will be provided so as to answer the different hypotheses (H1-H6) as outlined in Chapter 2. This will enable an examination not only of the veracity of the suppositions of causality that are at the centre of this study, but to also ascertain which of the independent variables are found to actually cause venture growth, and comparatively to ascertain which ones have more influence than others. It is from the presentation offered in this chapter that comprehensive, meaningful deliberations can be held, with due consideration being given to the dominant theoretical perspectives discussed in earlier sections of this paper.

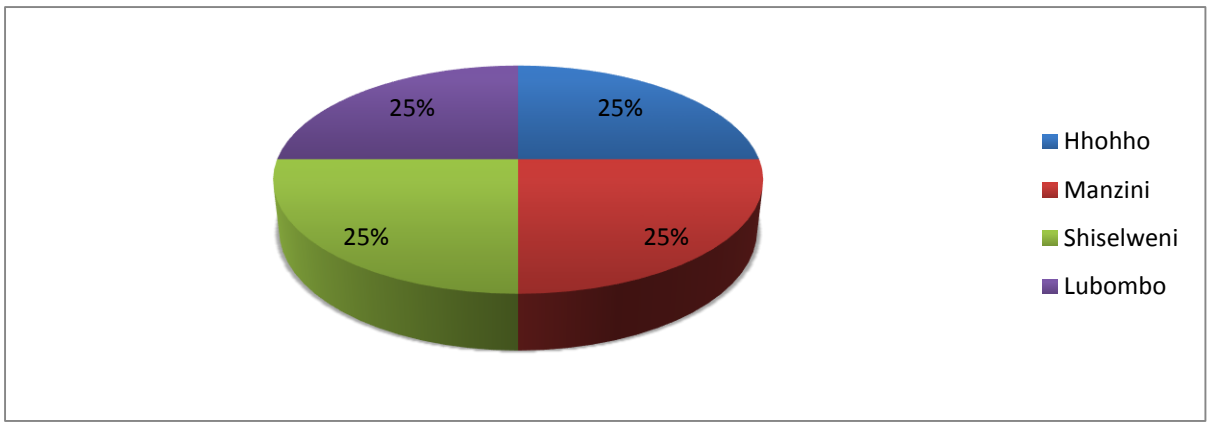
## 4.2. Demographic profile of respondents

As mentioned, the data used in this study were collected from a sample of SMEs that were located regionally within the public enterprise incubator, SEDCO. The businesses from which the responses were sought were housed by the incubator, thus it is assumed that by virtue of this, they fit the classification of SMEs as defined by the SME policy (as elaborated on in Chapter 3). The demographic profile, as aligned to the findings of section 1 of the questionnaire, stands as follows:

### 4.2. 1. Frequency distribution: SMEs by region and sector

As noted in previous sections of this chapter, the sample was made up of 200 SMEs selected from within the four regions of Swaziland, namely Hhohho, Manzini Shiselweni and Lubombo. The regions were equally represented by an even number of 50 SMEs, as indicated in Figure 8 below. Two of these regions (Hhohho and Manzini) are mainly urban regions, whilst Lubombo and Shiselweni are predominantly rural and peri-urban in nature.

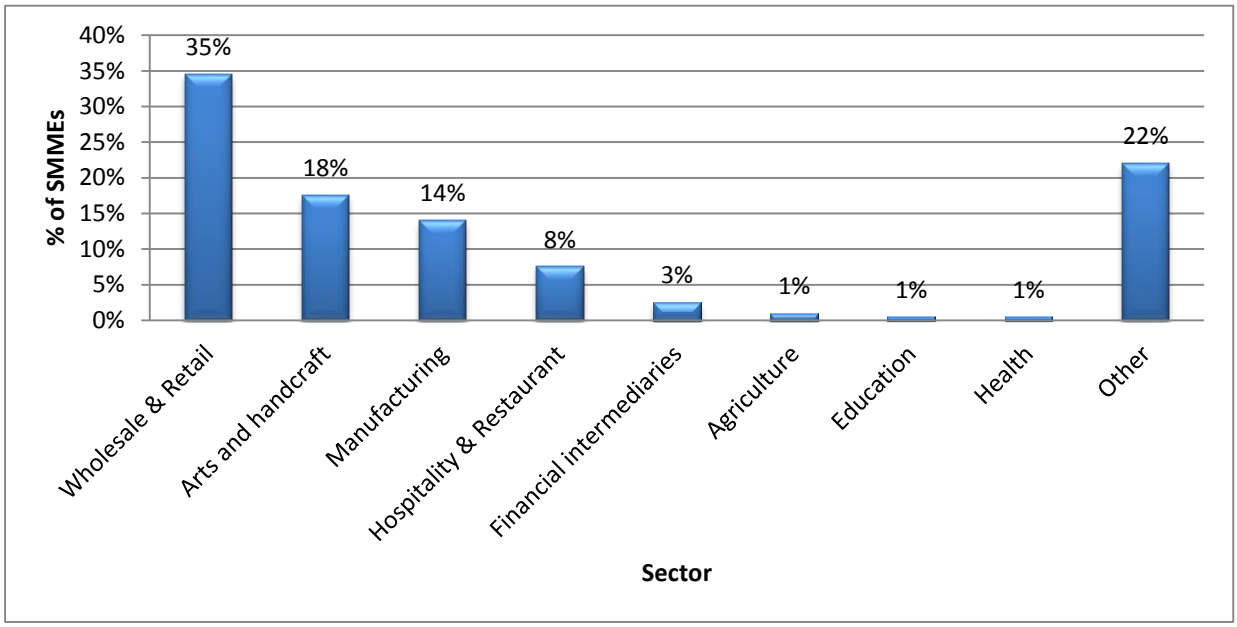
**Figure 8: Distribution of respondents by region**




It was important for the study to consider the types of businesses that the respondents operated in, and with this it was found that the most significantly represented sector of business amongst the respondent firms was the wholesale and retail sector which constituted 35% of the total businesses sampled, whilst arts and

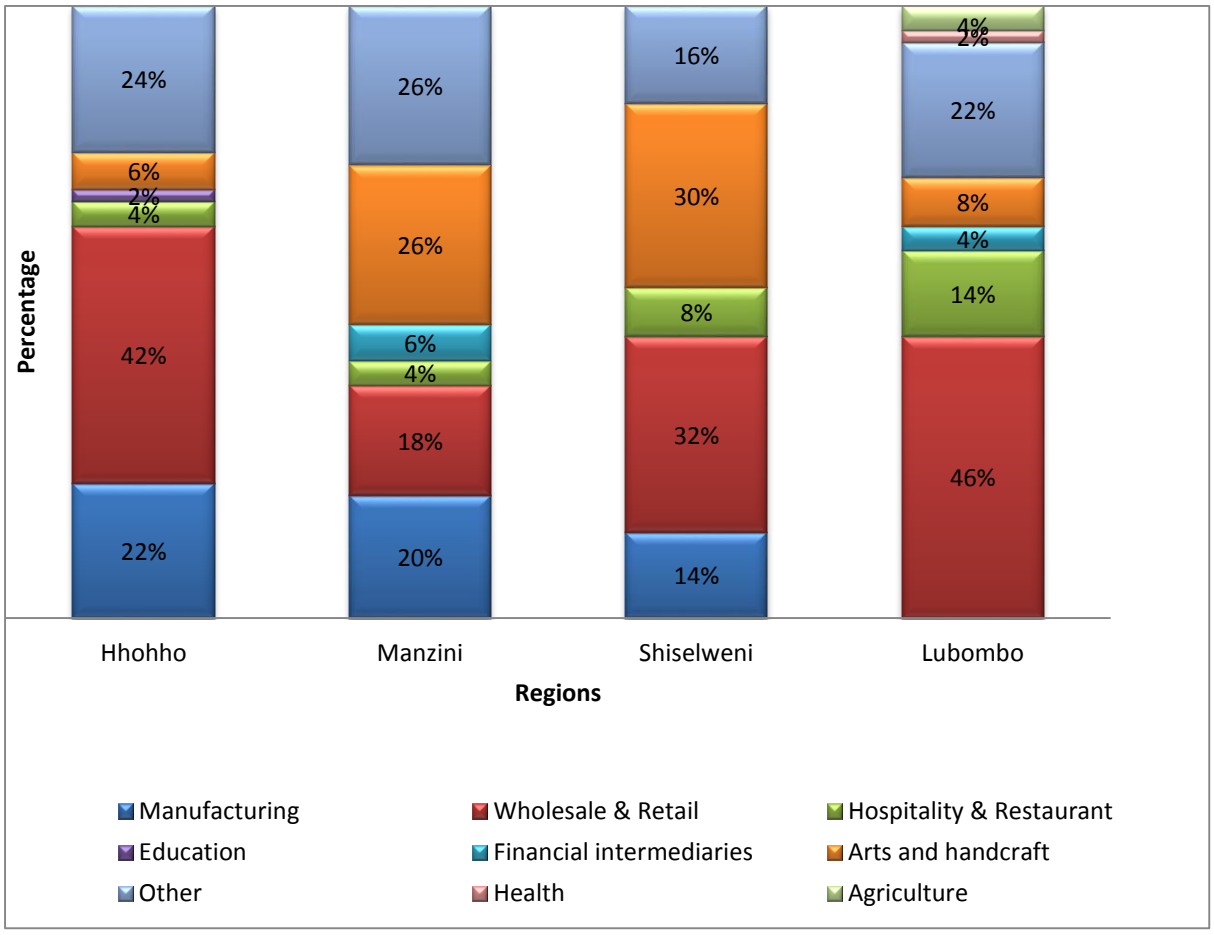
handcraft followed at 18%, and businesses operating within the manufacturing sector were at 14%. Worth noting is that manufacturing sector representation was followed by businesses within the hospitality and restaurant industries (8%), whilst financial intermediaries stood at just 3% and agriculture, education and health sector companies had the least representation at 1% each. These results are illustrated in Figure 9 below. Twenty-two percent of the respondents reported operating in other non-classified sectors.

**Figure 9: Frequency distribution of sectors in all regions**




In presenting the results of this study, it was also seen as important to highlight the frequency of distribution by sector across the regions, with the results as illustrated in Figure 10 below. The predominantly urban regions of Hhohho and Manzini are taken into account first because of their similar business environment, followed by the mostly rural regions of Lubombo and Shiselweni because of the similarities of the socio-economic landscape within these areas.

**Figure 10: Spread of sectors per region**




As shown above, Hhohho was found to be dominated by SMEs that operate within the wholesale and retail sectors (42%), whilst manufacturing follows at 22%. The next highest rating for a single sector within this region was arts and handcraft, which stood at 6%. Notably, 22% of the respondents within this region listed 'other' as their sector classification, which meant that their categorisation was outside of the sectors given which are, in themselves, aligned to the sector classifications given by policy. This is also true for the Manzini region, as 26% of the businesses considered themselves as operating outside of the classifications given, whereas single sector dominance was led by arts and handcraft (26%), followed by manufacturing (20%) and wholesale and retail (18%). The mainly rural regions of Lubombo and Shiselweni were dominated by businesses within the wholesale and retail sector at 46% and 32% respectively, whilst arts and handcraft (30%) and manufacturing

(14%) made up a significant proportion of the businesses operating within the Shiselweni region. Hospitality and restaurants (14%) and arts and handcraft (8%) were the next significant sectors seen within the Lubombo region. The frequency distribution of sectors by region indicates that SMEs across the country are dominated by similar businesses, while the spread of distribution for other sectors is minimal. Table 7 below indicates the actual sector by region percentages on a regional and cumulative percentage.

**Table 7: Frequency Distribution of Sector by Region (Regional and Cumulative Percentages)**

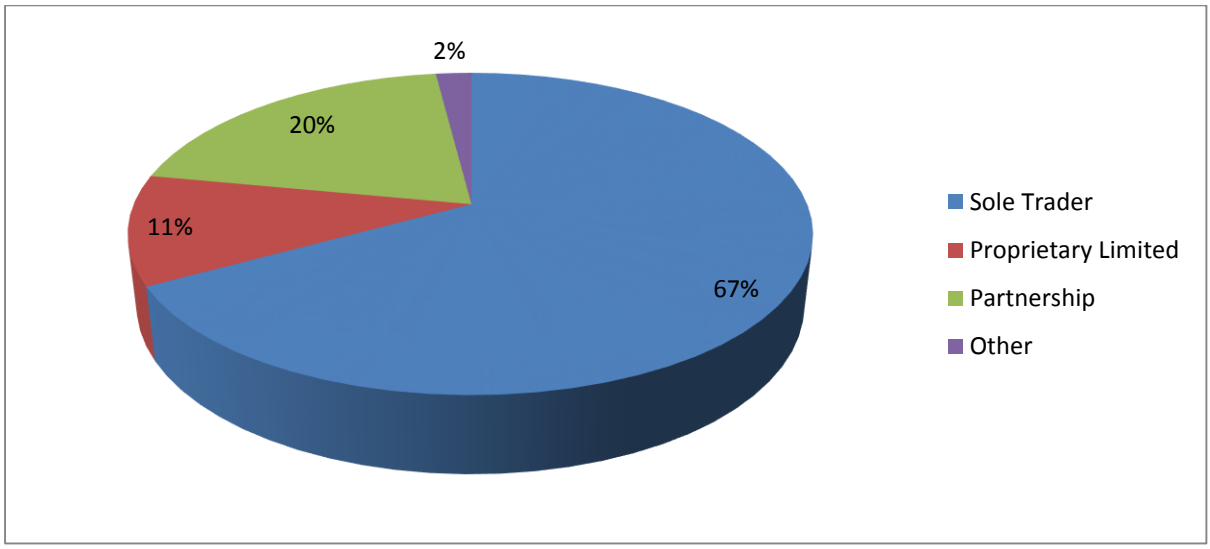
| Region | Sector | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|---|
| Hhohho | Valid | Manufacturing | 11 | 22.0 | 22.0 | 22.0 |
| | | Wholesale & Retail | 21 | 42.0 | 42.0 | 64.0 |
| | | Hospitality & Restaurant | 2 | 4.0 | 4.0 | 68.0 |
| | | Education | 1 | 2.0 | 2.0 | 70.0 |
| | | Arts and handcraft | 3 | 6.0 | 6.0 | 76.0 |
| | | Other | 12 | 24.0 | 24.0 | 100.0 |
| | | Total | 50 | 100.0 | 100.0 | |
| Manzini | Valid | Manufacturing | 10 | 20.0 | 20.0 | 20.0 |
| | | Wholesale & Retail | 9 | 18.0 | 18.0 | 38.0 |
| | | Hospitality & Restaurant | 2 | 4.0 | 4.0 | 42.0 |
| | | Financial intermediaries | 3 | 6.0 | 6.0 | 48.0 |
| | | Arts and handcraft | 13 | 26.0 | 26.0 | 74.0 |
| | | Other | 13 | 26.0 | 26.0 | 100.0 |
| | | Total | 50 | 100.0 | 100.0 | |
| Shiselweni | Valid | Manufacturing | 7 | 14.0 | 14.0 | 14.0 |
| | | Wholesale & Retail | 16 | 32.0 | 32.0 | 46.0 |
| | | Hospitality & Restaurant | 4 | 8.0 | 8.0 | 54.0 |
| | | Arts and handcraft | 15 | 30.0 | 30.0 | 84.0 |
| | | Other | 8 | 16.0 | 16.0 | 100.0 |
| | | Total | 50 | 100.0 | 100.0 | |
| Lubombo | Valid | Wholesale & Retail | 23 | 46.0 | 46.0 | 46.0 |
| | | Hospitality & Restaurant | 7 | 14.0 | 14.0 | 60.0 |
| | | Financial intermediaries | 2 | 4.0 | 4.0 | 64.0 |
| | | Health | 1 | 2.0 | 2.0 | 66.0 |

| | | | | | |
|---|---|---|---|---|---|
| | Agriculture | 2 | 4.0 | 4.0 | 70.0 |
| | Arts and handcraft | 4 | 8.0 | 8.0 | 78.0 |
| | Other | 11 | 22.0 | 22.0 | 100.0 |
| | Total | 50 | 100.0 | 100.0 | |

### 4.2.2. Frequency distribution: SMEs by trading vehicle (ownership)

The national policy identifies the trading vehicle of a business as its legal identity, that is, the nature of the ownership structure under which it was formed and continues to operate (MEE, 2004). This is significant in that it points to whether the business is a sole trader, implying that it is owned and managed by one person, a proprietary limited, which is incorporated as a company and has a minimum of two directors, or a partnership. Joint ventures and other company ownership structures have, for the purposes of the study, been classified as 'other'. Figure 11 below shows the distribution of businesses by nature of ownership, defined by the policy as their trading vehicle.

**Figure 11: Distribution of businesses by trading vehicle**




As illustrated above, the majority of the SMEs were registered as sole traders (67%), with a significant gap between this and partnerships which made up the next dominant form of ownership at 20%. Businesses registered as proprietary Limited's

followed at a frequency rating of 11%, while only 2% of the respondents listed ‘other’, which refers to unclassified forms of registration.

Notably, when speaking of SMEs one would expect that these are listed as fully registered companies, but this is not the case here, which gives a view as to the nature of the businesses that are dominant within the local context. Taking into consideration the findings of the national census on SMEs however, these results are not entirely surprising, as these findings also indicated a skew towards sole ownership. Defined within this context, sole ownerships were said to be businesses typically owned by one person who, rather than employing other people, engages the services of family to assist in the business.

If proprietary Limited’s and partnerships made up only 20% and 11% respectively, and one man firms constituted a significant 67% of businesses within the sample, this does not paint a good picture for the collective nature of the businesses within the sample, because of the limited scale and scope of sole ownership which precludes it from acting and operating as a fully-fledged business unless it does so illegally. It could be argued that the firms surveyed are quite small scale given that one man-owned and operated businesses are likely to be operating on a micro to small scale. However this determination cannot conclusively be made on the strength of this finding alone. More will be ascertained from the collective discussion of the findings.

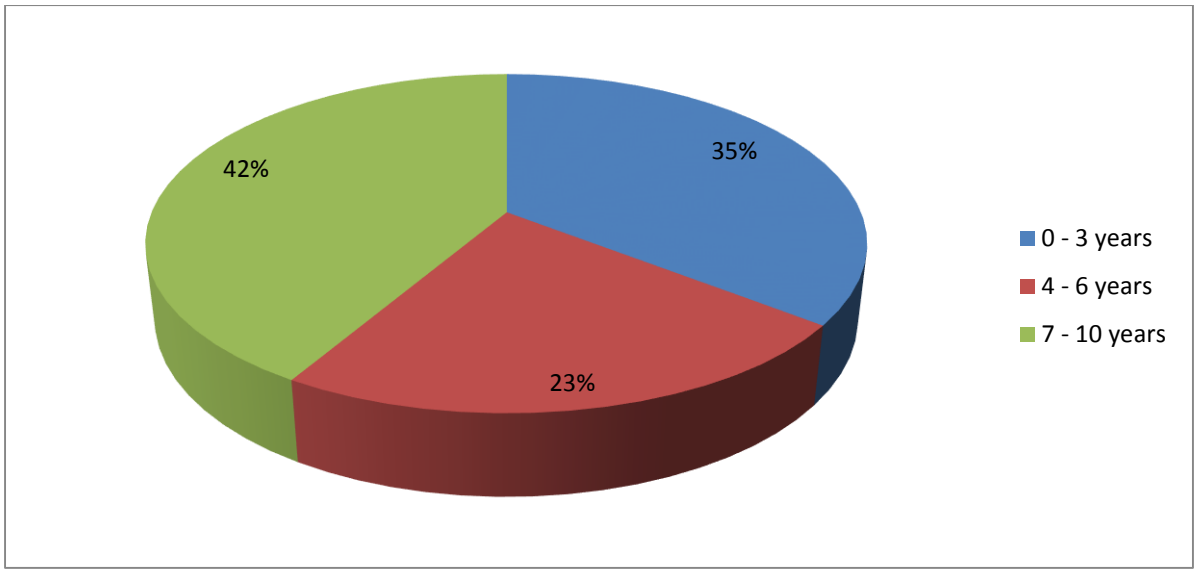
### 4.2.3. Frequency distribution: SMEs by years in operation

The amount of years that a business is in operation matters for venture growth because it is often thought that the more experience a company has, the more likely it is to grow. As a result, the number of years that the SMEs in question had been in operation was taken into account, with the results being shown in Figure 12. The nationwide distribution shows that close to half (42%) of the businesses had been in operation for periods of between 7 and 10 years, 22% had been open for business

for periods of between 4 and 6 years, and the remaining 35% had been in operation for 0 to 3 years.

Just how long a business has been operating is often seen as a good trait in that it reflects resilience. This is particularly significant if we consider the fact that the SME policy (MEE, 2004) and the national census on SMEs (MCIT, 2010) point to the high failure rate of SMEs within the first three years of operation. However, finding this to be the case in the SME sample at hand does not bode well for the firms, because although they have beaten the odds and survived common SME fatalities, they have been incubated for far too long. For SMEs to be incubated for a period of up to ten years indicates that there is either a problem with the nature and objectives of the incubator or the growth orientation of the SMEs themselves, which leads to the latter not 'hatching' and leaving the incubation space. In fact, this state of affairs goes against common assumptions held of incubators and their cycle based approach, hence the findings could be seen as a negative rather than a positive reflection of these SMEs. An analysis of this and what it suggests for venture growth will be focused on in the subsequent analysis chapter.

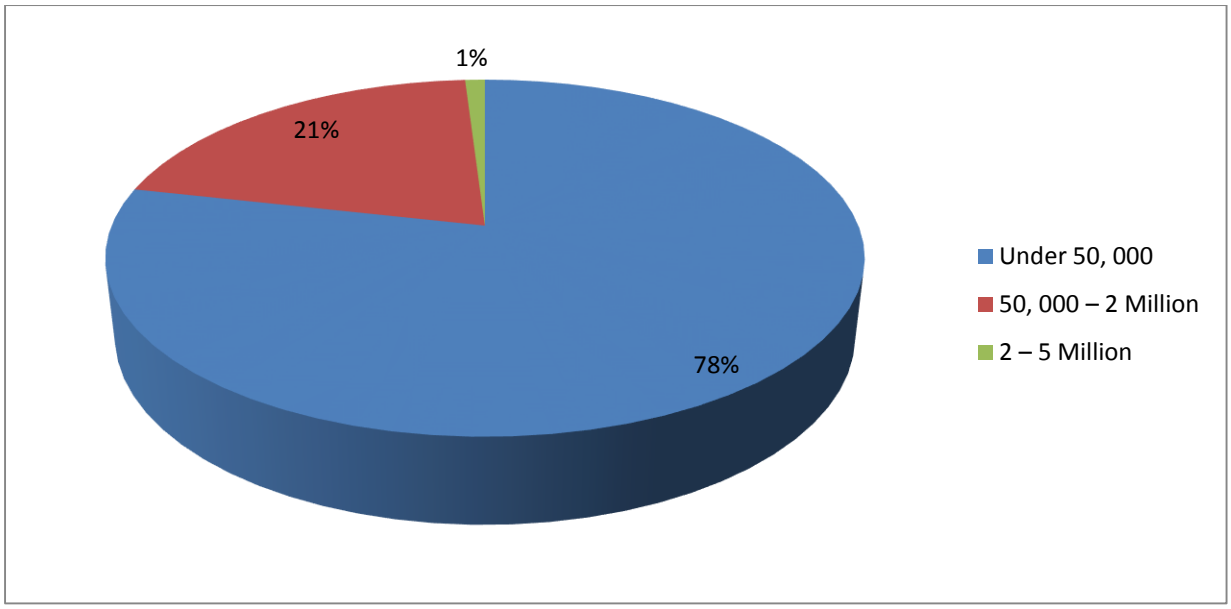
**Figure 12: Distribution of SMEs by years in operation**



### 4.2. 4. Frequency distribution of SMEs by annual turnover

Despite most of the SMEs reporting that they had been in operation for between four and ten years, the results in Figure 13 below show that the majority of these businesses had a significantly low annual turnover, with 78% of them reporting under E50, 000 per annum. Notably, 21% reported having an annual turnover of between E50, 000 and E2 million, while only 1% reported figures of between E2 million and 5 million. It could be argued that this finding is quite contrary to what may be considered a normal trajectory which would suggest that the longer a business is in operation, the more experience they attain and the more they grow, resulting in an increased turnover.

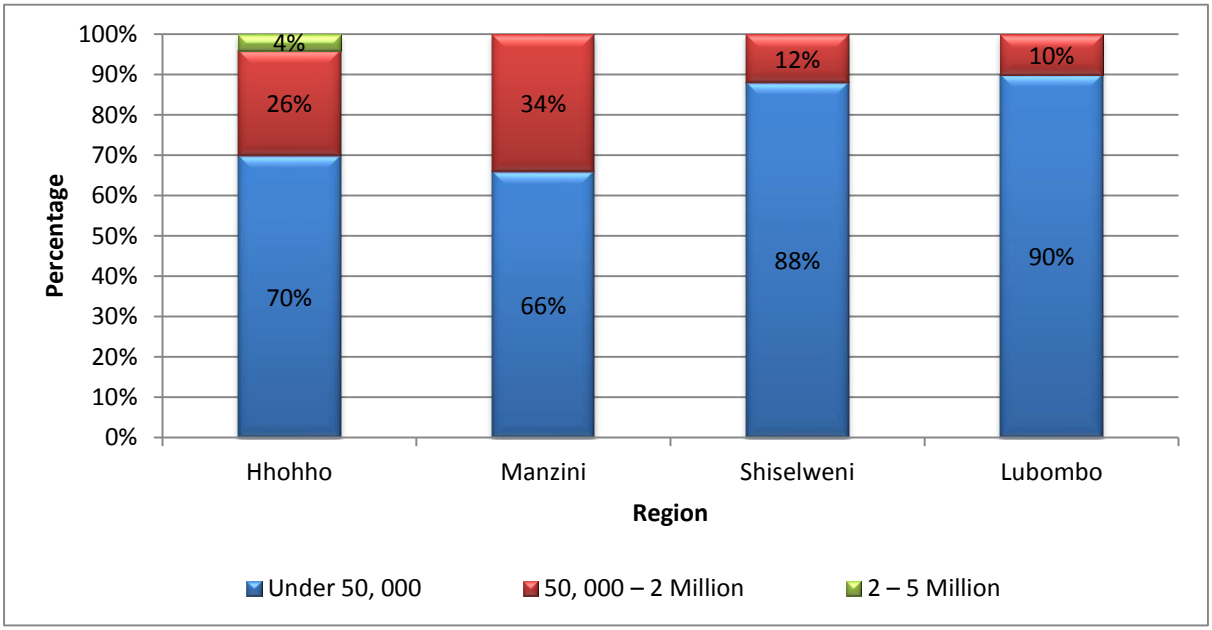
**Figure 13: Distribution of SMEs by annual turnover**




In addition to this, the segmentation of the annual turnover by region is telling. As indicated in Figure 14, there is a clear distinction between the firms in the urban regions and those in the rural regions. SMEs within the mostly rural regions of Lubombo (90%) and Shiselweni (88%) had significantly higher percentages of businesses making an annual turnover of under E50,000, and only 10% (Lubombo) and 12% (Shiselweni) of firms within these regions pointed out that they made between E50,000 and E2 million annually. Although there was a large percentage of

businesses within the Hhohho (70%) and Manzini (66%) regions who admitted to an annual turnover of less than E50,000, there were also significantly higher proportions of businesses, 26% and 34%, making between E50,000 and E2 million when compared to the two other regions. Hhohho even listed 4% of firms as making between E2 million and E5 million. It could be suggested that this signifies that there are particularities that exist within these regions that make it such that some firms record more growth in terms of their annual turnover than others.

**Figure 14: Spread of annual turnover by region**

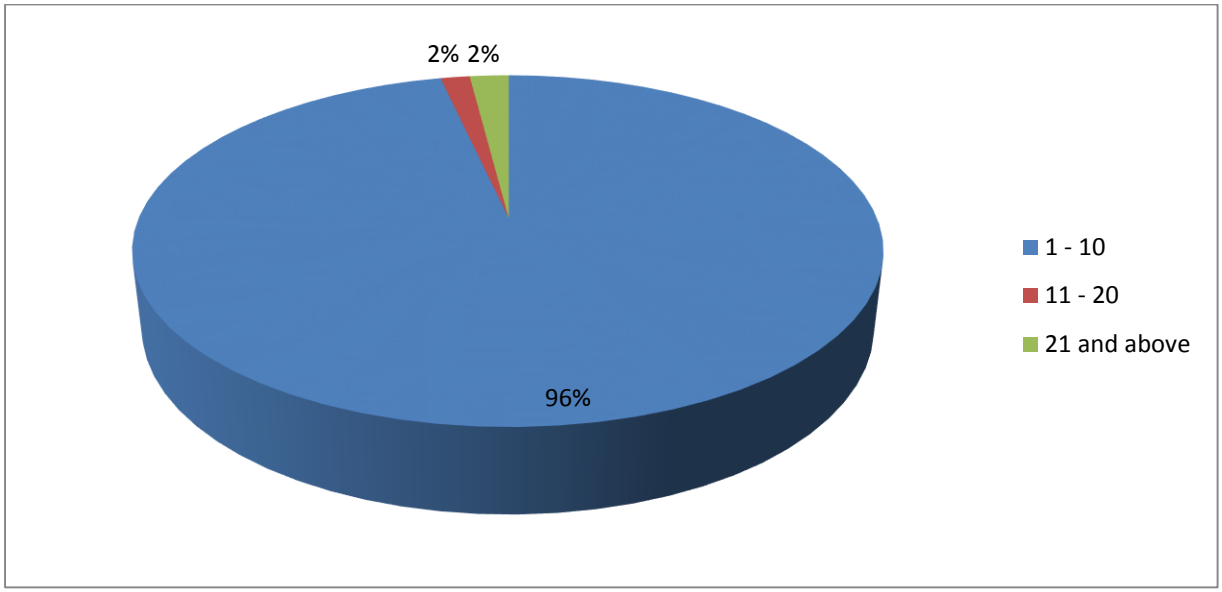



### 4.2.5. Frequency distribution: SMEs by number of employees

Another significant component of classifying SMEs as indicated in the SME policy is the number of employees which the firm employs; hence Figure 15 indicates the frequency distribution by number of employees across the regions. Almost all the SMEs in the sample had 1-10 employees (96%), with only 2% indicating that they had employed 11-20 workers. Similarly, only 2% indicated having a staff complement of 21 workers or above. This is not surprising when one considers the fact that most of the SMEs registered were registered as sole traders (67%), although this is still an alarming figure because it indicates that most of the businesses in the SME sample

are really just small scale businesses, even though they have been in operation for more than four years in most instances. This is further alarming when one juxtaposes this finding against the fact that the annual turnover of most of these businesses is less than E50, 000 (78%).

**Figure 15: Distribution of SMEs by number of employees**




## 4.3. Outlining measurement scales

The constructs 'access to finance', 'access to markets', 'business regulation', 'education and training', 'contract enforcement', and 'business support programmes' were each measured on a 5-item scale as discussed in the methodology. Venture growth was measured using eight sub-items with each of these sub-items also utilising a 5-point Likert scale, as were the attributes from the other constructs. All these factors were tested for validity and reliability based on the data captured. The results are outlined in the subsequent section.

## 4.4. Factor analysis

### 4.4.1. Analysis of validity

Before the Principal Component Analysis was conducted to test validity, the study first looked into whether the data factored well and further identified the suitability of the variables in a bid to maintain only those that were suitable, as observed by how they measured on the Kaiser-Meyer-Olkin Measure of Sampling Adequacy as indicated in Table 8 below. Aligned to this, the study also found it necessary to identify whether there were non-normalities within the population as tested through Bartlett's Test of Sphericity, with the results being presented in Table 8 below.

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy was found to be at 0.906, which was quite high given that a KMO value over 0.60 is considered acceptable. This meant that the variables were indeed useful for the purposes of this study. The Bartlett's Test of Sphericity was also significant in that it had a p-value of 0.000 (<0.05), which indicates that the data were suitable for factor analysis, given that this value reflects that there was a relationship among the variables used, rejecting the underlying null hypotheses that there was no relationship. The adequacy of this result also meant that the subsequent Principal Component Analysis could be conducted, given that population variances did not reflect a departure from the norm.

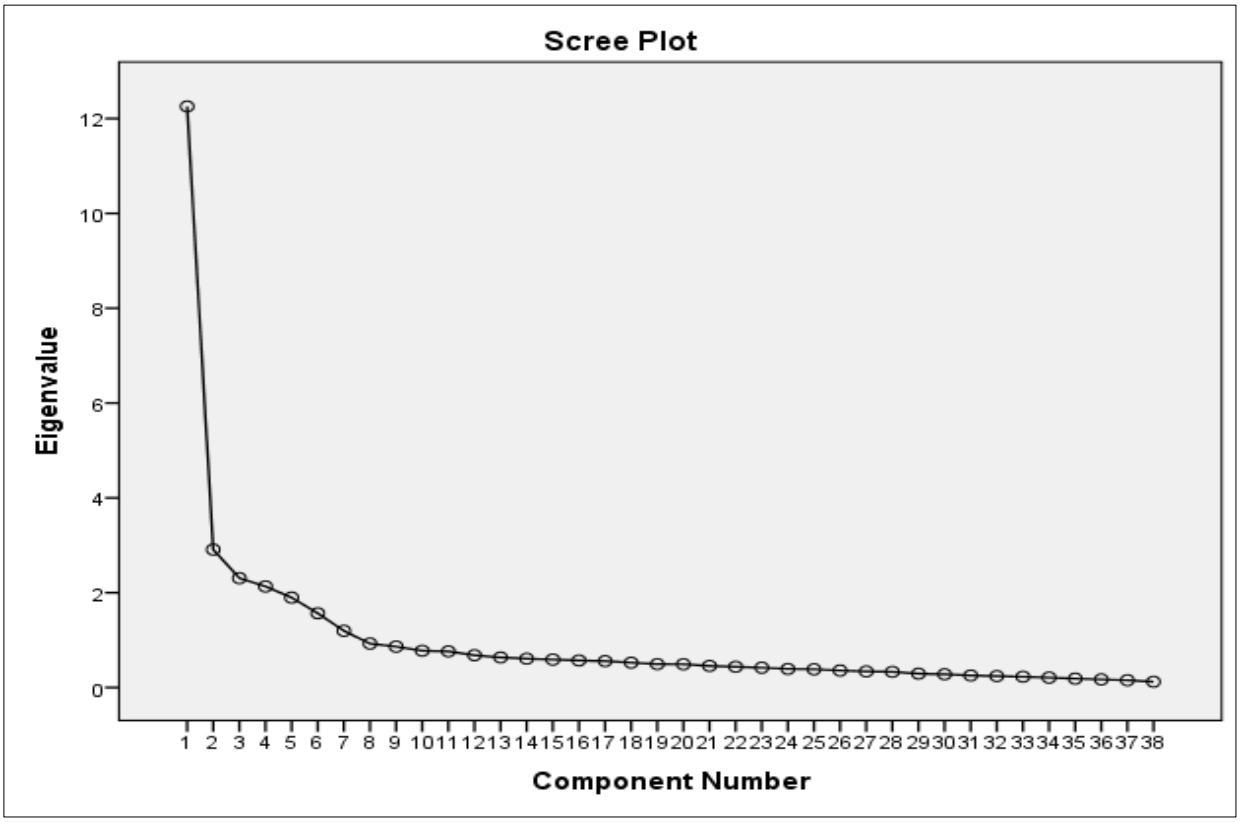
**Table 8: KMO and Bartlett's Test for Variables**

| KMO and Bartlett's Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .906 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 4214.979 |
| | df | 703 |
| | Sig. | .000 |

Below is a scree plot generated as part of the findings of the factor analysis, which was conducted through a Principal Component Analysis (PCA). What it illustrates is that the factor analysis extracted seven distinct components, as is suggested by the

mappings in the scree plot, and these retained components explained 63.85% of the total variance in the variables.

**Figure 16: Scree Plot indicating factors retained**




An in-depth representation of the results of the PCA with Varimax and Kaiser Normalization on the scale items for the dependent (with 8-scale items) and independent variables (with 5-scale items) can be seen in Table 9. Notably, each of the items loaded high but it is worth noting, however, that some statements had cross loadings, as indicated by factor loadings of greater than 0.3 on more than one factor. As a case in point, the sub-item "Q13_8: The firm has grown from inception with an increase in the number of employees indicating this growth" (refer to the questionnaire in Appendix A), loaded on factor 1 (factor loading = 0.474) and factor 7 (factor loading = 0.330), and they loaded highest on the original factors. What can be concluded is that, despite this, the sub-items were properly constituted given that they all had a factor loading greater than 0.4 on the seven hypothesised constructs.

## Table 9: Principal Component Analysis for Variables

**Rotated Component Matrix[a]**

| | Component | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| Q13_3 It is generally known throughout the firm that growth is our top objective | .796 | .171 | .155 | .120 | .265 | .138 | .066 |
| Q13_2 It is generally known throughout the firm that steady and sure growth is the best way to expand | .733 | .138 | .149 | .109 | .270 | .153 | .063 |
| Q13_1 Growth is not necessarily our top objective. Long-term survival may be at least as important | .692 | .101 | .166 | .200 | .086 | .058 | .052 |
| Q13_4 It is generally known throughout the firm that our intention is to grow as big and as fast as possible | .682 | .139 | .183 | .054 | .145 | .089 | .074 |
| Q13_6 The firm has grown from inception with an increase in annual profits indicating this growth | .663 | .127 | .087 | .207 | .076 | .133 | .128 |
| Q13_5 The firm has grown from inception with annual turn-over indicating this growth | .658 | .061 | .186 | .208 | .156 | .194 | .173 |
| Q13_7 The firm has grown from inception with an increase in sales indicating this growth | .646 | .132 | .000 | .051 | .073 | .135 | .405 |
| Q13_8 The firm has grown from inception with an increase in the number of employees indicating this growth | .474 | .106 | .147 | .007 | .043 | .216 | .330 |
| Q11_2 There are appropriate channels for redress should I need to address a contract dispute through the courts | .138 | .842 | .079 | .085 | .117 | .156 | -.100 |
| Q11_1 I feel confident entering into contracts because the legal framework ensures contract enforceability | .143 | .818 | .107 | .057 | .073 | .021 | .162 |
| Q11_3 I feel that contract related disputes brought before the courts are dealt with timely and fairly | .137 | .786 | .002 | .078 | .176 | .133 | .075 |
| Q11_5 The use of a dual legal system for businesses is beneficial | .063 | .725 | -.014 | .138 | .083 | .167 | .208 |
| Q11_4 An SME oriented small claims court is necessary for the growth of the SME sector | .337 | .717 | .105 | .227 | .165 | .109 | -.034 |
| Q7_4 There is sufficient alternative funding (e.g. schemes, societies) available for new businesses | .181 | -.007 | .787 | .003 | .158 | .117 | .040 |
| Q7_1 Businesses have sufficient funding available to them at the start up and growth stage | .211 | .200 | .730 | .096 | .184 | .017 | .280 |
| Q7_5 Requirements for accessing funding are not unduly prohibitive and are easy to fulfil | .120 | .036 | .717 | .083 | -.080 | .254 | .134 |
| Q7_2 There are sufficient government subsidies available for new and growing businesses | .170 | -.016 | .670 | .130 | .310 | -.013 | .231 |
| Q7_3 New businesses have adequate access to formal finance (bank loans) to enable their start-up and growth | .189 | .090 | .623 | .103 | .218 | .096 | .293 |
| Q12_3 Government programmes provide adequately experienced, accredited consultants for SMEs | .122 | .097 | .085 | .813 | .151 | .109 | -.037 |
| Q12_4 Private sector programmes aimed at supporting small businesses are available and easily accessible | .021 | .044 | .072 | .799 | -.005 | .164 | .150 |
| Q12_2 Government provides adequate incubation services for SMEs | .194 | .053 | .145 | .720 | .168 | .009 | .151 |
| Q12_5 My business would perform better if Government introduced more efficient and innovative business development | .319 | .139 | .052 | .712 | .144 | .062 | -.028 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| programmes | | | | | | | |
| Q12_1 Public sector programmes aimed at supporting small businesses are available and easily accessible | .110 | .188 | .006 | .681 | .046 | .066 | .178 |
| Q10_3 Training programmes provided for SMEs by Government are effective and enhance business performance | .145 | .116 | .304 | .236 | .708 | .155 | .053 |
| Q10_2 The level of business education in colleges and universities provide good and adequate preparation for starting up and growing new businesses | .122 | .210 | .047 | .029 | .699 | .142 | .138 |
| Q10_5 My business would perform better if I had training and continuous entrepreneurship capacity building support | .317 | .140 | .217 | -.039 | .696 | .079 | .027 |
| Q10_1 Teaching in primary and secondary education encourages initiative, entrepreneurship and new business creation | .222 | .102 | .037 | .172 | .670 | -.012 | .310 |
| Q10_4 Training programmes provided for SMEs by the private sector are adequate and contribute to business growth. | .160 | .109 | .207 | .263 | .634 | .239 | -.024 |
| Q9_5 Coping with government bureaucracy and business regulations is not unduly difficult for new and growing businesses | .063 | .001 | .095 | -.015 | .156 | .752 | .201 |
| Q9_4 Changes made to Government's regulations are easy to understand, predictable and consistent | .258 | .179 | .090 | .060 | .014 | .751 | .047 |
| Q9_3 The amount of taxes is not a burden for new and growing businesses | .132 | .133 | .181 | .171 | .038 | .677 | .187 |
| Q9_2 New businesses can get most of the required permits and licenses to open a business timely and without much difficulty | .249 | .087 | .015 | .115 | .193 | .586 | .068 |
| Q9_1 The support for new and growing businesses is a high priority for Government | .076 | .263 | .110 | .125 | .098 | .567 | .252 |
| Q8_4 The Government itself is an accessible and ready market as its procurement policies favour SMEs | .183 | .141 | .282 | .099 | .060 | .192 | .746 |
| Q8_1 There is sufficient support services provided by Government to ensure that SMEs access markets for their products and services | .248 | .002 | .213 | .142 | .157 | .190 | .728 |
| Q8_3 There is sufficient support by government to ensure linkages between suppliers, producers and the market | .192 | .112 | .303 | .125 | .076 | .269 | .699 |
| Q8_5 The level of changes in the markets year on year are consistent and not drastic so as to negatively affect my business | .129 | .079 | .425 | .112 | .202 | .234 | .464 |
| Q8_2 New businesses have open and adequate access to local markets | .170 | .087 | .219 | .205 | .287 | .380 | .434 |
| Extraction Method: Principal Component Analysis.<br>Rotation Method: Varimax with Kaiser Normalization. | | | | | | | |
| a. Rotation converged in 7 iterations. | | | | | | | |

### 4.4.2. Analysis of reliability

To evaluate internal consistency and representational accuracy, the reliability co-efficient Chronbach's Alpha was utilised and the results of this, along with those of the inter-item correlations, are outlined in Table 10 below. The results not only indicate the alpha values of the different constructs which, if reliability is high, should be greater than 0.7, but they also show that the constructs are reliable as a consistent and stable score was observed.

**Table 10: Reliability Testing of Scales for Dependent and Independent Variables**

| Scales | Mean Inter-Item Correlations | Cronbach's Alpha |
|---|---|---|
| **Venture Growth** | 0.502 | 0.885 |
| **Contract Enforcement** | 0.606 | 0.884 |
| **Access to Markets** | 0.562 | 0.866 |
| **Access to Finance** | 0.530 | 0.850 |
| **Business Support Programmes** | 0.532 | 0.849 |
| **Education and Training** | 0.501 | 0.833 |
| **Business Regulation** | 0.442 | 0.798 |

As can be seen in the table above, the highest reliability was recorded for the construct of venture growth, which is the main dependent variable. It recorded the highest alpha value of 0.88, which is significantly greater than the expected minimum for reliability (0.07). The second highest value recorded was for the construct of contract enforcement, which stood at 0.884. The other constructs of access to markets, access to finance, business support programmes, education and training and business regulation had values of 0.866, 0.850, 0.849, 0.833 and 0.798 respectively. As can be seen, the lowest recorded score observed was for the

construct of business regulation, and even this score is higher than the 0.07 expected minimum value. The fact that the Chronbach's Alpha coefficients were greater than 0.07 implies that all constructs ranked high on reliability. The benefit of this for the paper is that it implies that all the attributes within each scale could be combined together to form a summated scale for the construct as can be seen below.

## 4.5. Deriving a summated scale

A summated scale for each construct was computed by calculating the average of the items within the construct. This summated scale was used for the analysis of correlations and the multiple regression, enabling the researcher to compute the relations amongst the variables through this rather than the multiple construct items. The descriptive statistics including the mean, standard deviation, skewness and kurtosis attained from the 200 sample responses from each of the constructs are outlined below.

**Table 11: Descriptive Statistics of Summated Scale**

| **Descriptive Statistics** | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Construct** | **N** | **Minimum** | **Maximum** | **Mean** | **Std. Deviation** | **Skewness** | **Kurtosis** |
| Education and training | 200 | 1.00 | 5.00 | 3.777 | 0.856 | -1.195 | 1.093 |
| Venture growth | 200 | 1.25 | 5.00 | 3.702 | 0.822 | -0.912 | 0.059 |
| Business support programmes | 200 | 1.00 | 5.00 | 3.663 | 0.925 | -0.899 | -0.073 |
| Contract enforcement | 200 | 1.00 | 5.00 | 3.533 | 0.949 | -0.707 | -0.500 |
| Access to markets | 200 | 1.00 | 4.80 | 3.010 | 0.969 | 0.047 | -0.878 |
| Access to finance | 200 | 1.00 | 5.00 | 2.884 | 0.926 | 0.273 | -0.954 |

The findings indicate that all the constructs have asymmetrical distribution, as indicated by the values that do not match the Gaussian distribution with a kurtosis of 0. To this end, because the constructs of education and training (1.093) and venture growth (0.059) have higher values, it has a more peaked distribution with a positive skew as indicated by their positive excess kurtosis. In contrast to this, however, the constructs of business support programmes (-0.073), contract enforcement (-0.500), access to markets (-0.878) and access to finance (-0.954), which have lower values and have a flatter distribution because of their negative kurtosis. Notably, it is mainly the education and training construct that reflects substantial skewness, with a distribution that is far from symmetrical as it is greater than 1.

The findings stated above also indicate that the highest rated construct was education and training (mean = 3.777± 0.856), whilst the lowest rated construct was access to finance (mean = 2.884 ± 0.926). Interpreted, this means that most of the respondents agreed with most of the items used in the measure of education and training, whilst there were lower levels of agreement for the concept access to finance: business support The dependent variable, venture growth, also indicated high levels of agreement (mean = 3.663± 0.822), whilst the other summated scales indicate levels as follows: business support programmes (mean = 3.663± 0.925), contract enforcement (mean = 3.533± 0.949) and access to markets (mean = 3.010± 0.969).

## 4.6. Correlations between constructs

In a bid to ascertain whether there is a relationship between the variables, and to find out what the strength of that relationship is and if it is negative or positive, the constructs were subjected to a correlation analysis. The results of this analysis are tabulated in Table 12 below which shows correlations not just between the dependent variable and the independent variables, but also amongst the independent variables themselves. What is indicated with regards to the latter is that the independent variables are also correlated. These correlations are significant but

are not greater than 0.7, an observation which is relevant in that it highlights that they are not too strongly correlated so as to cause multicollinearity.

**Table 12: Pearson's Correlation between Constructs**

| **Correlations** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | 1. | 2. | 3. | 4. | 5. | 6. | 7. |
| 1.Access to finance | Pearson Correlation | 1 | | | | | | |
| | Sig. (2-tailed) | | | | | | | |
| 2.Access to markets | Pearson Correlation | .632** | 1 | | | | | |
| | Sig. (2-tailed) | .000 | | | | | | |
| 3.Business regulation | Pearson Correlation | .385** | .574** | 1 | | | | |
| | Sig. (2-tailed) | .000 | .000 | | | | | |
| 4.Education and Training | Pearson Correlation | .498** | .480** | .411** | 1 | | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | | | |
| 5.Contract enforcement | Pearson Correlation | .259** | .327** | .392** | .411** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | | |
| 6.Business support programmes | Pearson Correlation | .302** | .379** | .327** | .395** | .342** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | | |
| 7.Venture growth | Pearson Correlation | .502** | .559** | .489** | .536** | .433** | .422** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | |

For the purposes of this study, what was reflected is that the dependent variable of venture growth has a significant positive association with access to markets (r = 0.559, p-value = 0.000), education and training (0.536, p-value = 0.000), access to finance (r= 0.502, p-value = 0.000), business regulation (0.489, p-value = 0.000), contract enforcement (0.433, p-value = 0.000) and business support programmes (0.422, p-value = 0.000). These correlations are significant as the correlation coefficients were greater than zero and the p-values were less than 0.05, meaning that the possibility that these results are due to chance is less than 5%. In essence, what this reflects is that the constructs of education and training, access to markets, access to finance, contract enforcement, business regulation and business support programmes have a tendency to move together with venture growth.

## 4.7. Testing hypotheses though multiple regression

Moving from the aforementioned analysis of correlations, the essence of this study is to outline whether there is a significant causal relationship between venture growth and the independent variables, indicating that they explain variations in venture growth. The independent variables were access to finance, access to markets, business regulation, education and training, contract enforcement and business support programmes, while the dependent variable was venture growth. To this end, the regression model summary findings are outlined below:

**Table 13: Model Summary for Regression Analysis**

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .690[a] | .476 | .460 | .60363 |
| a. Predictors: (Constant), Business support programmes, Access to finance, Contract enforcement, Business regulation, Education and training, Access to markets | | | | |
| b. Dependent Variable: Venture growth | | | | |

As per the table above, it can be seen that venture growth is caused by the independent variables of business support programmes, access to finance, contract enforcement, business regulation, education and training, and access to markets. The adjusted R Square ($R^2$ = .460) in the model summary indicates that 46% of the variance in venture growth is explained by or can be accounted for by these variables. The adjusted $R^2$ is used instead of R because the former has controlled for sample overestimates. Below are the findings of the ANOVA test which assesses the overall statistical significance of the model.

**Table 14: ANOVA Table**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 63.979 | 6 | 10.663 | 29.265 | .000[b] |
| | Residual | 70.324 | 193 | .364 | | |
| | Total | 134.302 | 199 | | | |
| a. Dependent Variable: Venture growth | | | | | | |
| b. Predictors: (Constant), Business support programmes, Access to finance, Contract enforcement, Business regulation, Education and training, Access to markets | | | | | | |

The results showed that $R^2$ =.476, f (6,193) = 29.265, p = .000 (significant). With these results, the null hypothesis which posits that none of the independent variables aid in explaining venture growth is rejected, as the p-value of less than 0.05 indicates that the model has explanatory power. It can thus be concluded that business support programmes, access to finance, contract enforcement, business regulation, education and training, and access to markets do explain variability in venture growth. Associated with the above, the coefficients table below (Table 15) provides values that will enable an assessment of the variables that contribute the greatest to venture growth.

**Table 15: Coefficients Table**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardised Coefficients | | Standardised Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .887 | .232 | | 3.820 | .000 |
| | Access to finance | .133 | .062 | .150 | 2.144 | .033 |
| | Access to markets | .161 | .066 | .190 | 2.461 | .015 |
| | Business regulation | .124 | .059 | .139 | 2.090 | .038 |
| | Education and training | .191 | .064 | .200 | 3.001 | .003 |
| | Contract enforcement | .131 | .052 | .151 | 2.510 | .013 |
| | Business support programmes | .114 | .053 | .128 | 2.159 | .032 |
| a. Dependent Variable: Venture growth | | | | | | |

What the results outlined in the table indicate is that although the independent variables have significant predictive value on venture growth given their t-values, which have a significance level greater than 0.05, overall, education and training (standardised beta = 0.200, p-values = 0.003) had the highest impact on venture growth. This was followed by access to markets (standardised beta = 0.190, p-values = 0.015), then contract enforcement (standardised beta = 0.151, p-values = 0.013), access to finance (Standardised Beta = 0.150, p-values = 0.033) and business regulation (Standardised Beta = 0.139, p-values = 0.038). The model also predicted that business support programmes (Standardised Beta = 0.128, p-values = 0.032) had the least impact on venture growth.

These findings are integral in that they point out just how sensitive venture growth is to the deviations in each of the independent variables, hence giving an indication of which of these matter more for venture growth holding all other independent variables constant. Also worth mentioning is that the coefficient values are positive indicating alignment to theory, which suggests that each of these independent variables is significant in explaining venture growth. The table below provides a consolidation of the regression results, further indicating with each of the hypotheses whether it is supported or not support.

**Table 16: Summary Table Showing Regression Results and Hypotheses**

| Hypothesis | | Standardised Beta (β) | T -value | P-value | Supported or not |
|---|---|---|---|---|---|
| H1 | Access to finance → Social entrepreneurial intentions | 0.150 | 2.144 | 0.033 | Supported |
| H2 | Access to markets → Social entrepreneurial intentions | 0.190 | 2.461 | 0.015 | Supported |
| H3 | Business regulation → Social entrepreneurial intentions | 0.139 | 2.09 | 0.038 | Supported |
| H4 | Contract enforcement → Social entrepreneurial intentions | 0.151 | 2.51 | 0.013 | Supported |
| H5 | Education and training → Social entrepreneurial intentions | 0.200 | 3.001 | 0.003 | Supported |
| H6 | Business support programmes → Social entrepreneurial intentions | 0.128 | 2.159 | 0.032 | Supported |

The regression analysis was also conducted per region - the results of which are shown below - and as can be seen, the results per region indicate that in Lubombo only access to finance (Standardised Beta = 0.500, p-values = 0.000) is significant in predicting venture growth. In Shiselweni it was education and training only (Standardised Beta = 0.289, p-values = 0.025), while in Hhohho and Manzini there is no single variable that could be singled out as significant in predicting venture growth. The individual contribution of each construct to the prediction of venture growth in the overall model is discussed in the subsequent segment.

**Table 17: Multiple regression results for venture growth per region**

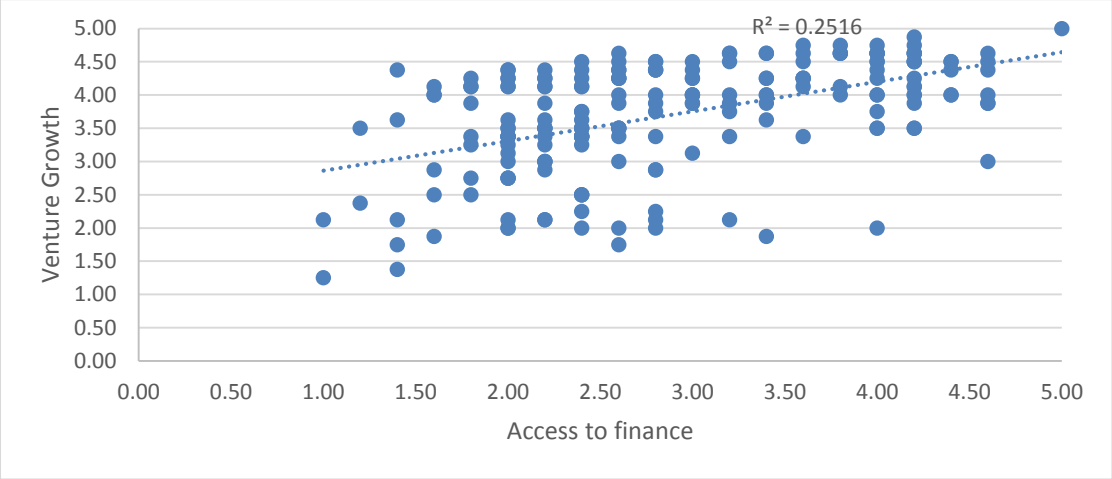
| | | Overall Sample | Region | | | |
|---|---|---|---|---|---|---|
| | | | Hhohho | Manzini | Shiselweni | Lubombo |
| Variable | n= | **200** | **50** | **50** | **50** | **50** |
| | | **Model 1** | **Model 2** | **Model 3** | **Model 4** | **Model 5** |
| Access to finance | Standardised Beta | 0.150 | 0.035 | 0.033 | -0.078 | 0.501 |
| | t-value | 2.144 | 0.178 | 0.213 | -0.622 | 3.936 |
| | P-value | **0.033** | 0.860 | 0.832 | 0.537 | **0.000** |
| Access to markets | Standardised Beta | 0.190 | 0.176 | 0.295 | 0.221 | 0.020 |
| | t-value | 2.461 | 0.942 | 1.657 | 1.482 | 0.138 |
| | P-value | **0.015** | 0.352 | 0.105 | 0.146 | 0.891 |
| Business regulation | Standardised Beta | 0.139 | 0.047 | 0.229 | 0.222 | 0.170 |
| | t-value | 2.090 | 0.258 | 1.541 | 1.742 | 1.439 |
| | P-value | **0.038** | 0.798 | 0.131 | 0.089 | 0.157 |
| Education and training | Standardised Beta | 0.200 | 0.239 | 0.167 | 0.289 | 0.191 |
| | t-value | 3.001 | 1.297 | 1.354 | 2.323 | 1.486 |
| | P-value | **0.003** | 0.202 | 0.183 | **0.025** | 0.145 |
| Contract enforcement | Standardised Beta | 0.151 | 0.126 | 0.131 | 0.171 | 0.130 |
| | t-value | 2.510 | 0.857 | 0.966 | 1.391 | 1.045 |
| | P-value | **0.013** | 0.396 | 0.339 | 0.171 | 0.302 |
| Business support programme | Standardised Beta | 0.128 | 0.180 | 0.127 | 0.211 | 0.020 |
| | t-value | 2.159 | 1.224 | 0.955 | 2.008 | 0.171 |
| | P-value | **0.032** | 0.227 | 0.345 | 0.051 | 0.865 |
| **R-square** | | **0.476** | **0.296** | **0.525** | **0.668** | **0.535** |
| **ANOVA** | **F-Value** | 5.417 | 3.009 | 7.908 | 14.445 | 8.251 |
| | **P-Value** | 0.000 | 0.015 | 0.000 | 0.000 | 0.000 |

**Hypothesis 1: Ease of access to finance enhances venture growth for SMEs in Swaziland.**

Null hypothesis (H0): There is no relationship between ease of access to finance and growth and venture growth.

With the threshold significance level set at 0.05, as has been widely adopted by researchers, the results for access to finance (Standardised Beta = 0.150, t-value = 2.144, p-values = 0.033 < 0.05) show that hypothesis 1 is supported since the p-value of the test is less 0.05 and therefore is statistically significant. Thus the null hypothesis is rejected in favour of the alternative hypothesis (H1). The scatter plot below illustrates the magnitude of the relationship between access to finance and venture growth. From this, it is concluded that access to finance does enhance venture growth for SMEs, with the relationship being shown in the scatter plot below indicating that access to finance on its own contributes 25% to venture growth.

**Figure 17: Correlation between venture growth and access to finance**



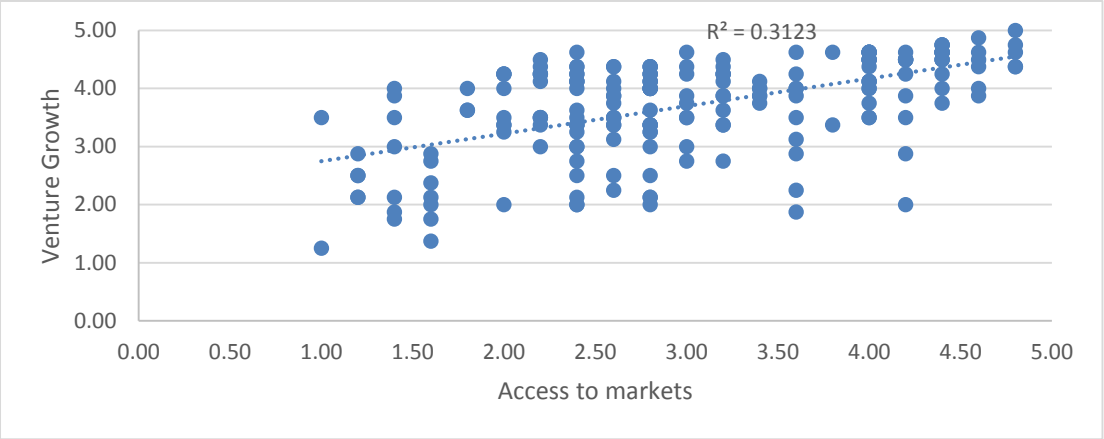

**Hypothesis 2: Increased access to markets increases growth of SME ventures in Swaziland.**

H0: There is no relationship between access to markets and venture growth.

The results for access to markets (Standardised Beta = 0.190, t-value = 2.461, p-values = 0.015 < 0.05) show that hypothesis 2 is supported, since the p-value is less

than 0.05 and therefore is statistically significant. The null hypothesis is thus rejected in favour of the alternative hypothesis (H2). It is concluded then that increased access to markets does increase the growth of SME ventures, as per Figure 18 below which indicates that access to markets on its own contributes 31% to venture growth.

**Figure 18: Correlation between venture growth and access to markets**

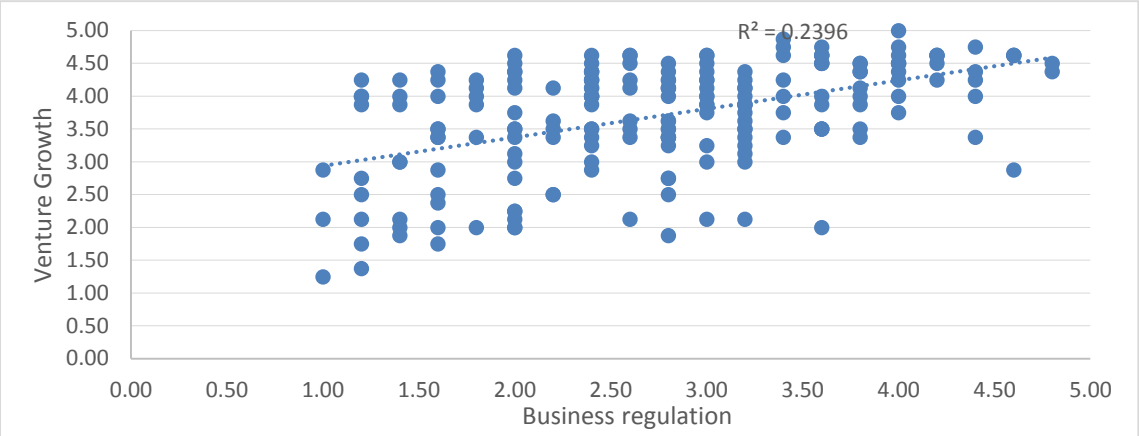



**Hypothesis 3: Stringent business regulation restricts venture growth within Swaziland.**

H0: There is no relationship between business regulation and venture growth

The results (Standardised Beta = 0.139, t-value = 2.090, p-values = 0.038), show that hypothesis 3 is supported since the p-value is less than 0.05 and therefore is statistically significant. This means that the null hypothesis is rejected in favour of the alternative hypothesis (H3). It is therefore concluded that effective business regulation does enhance growth, as is reflected in the scatter plot below, which indicates that business regulation on its own contributes 24% to venture growth.

**Figure 19: Correlation between venture growth and business regulation**

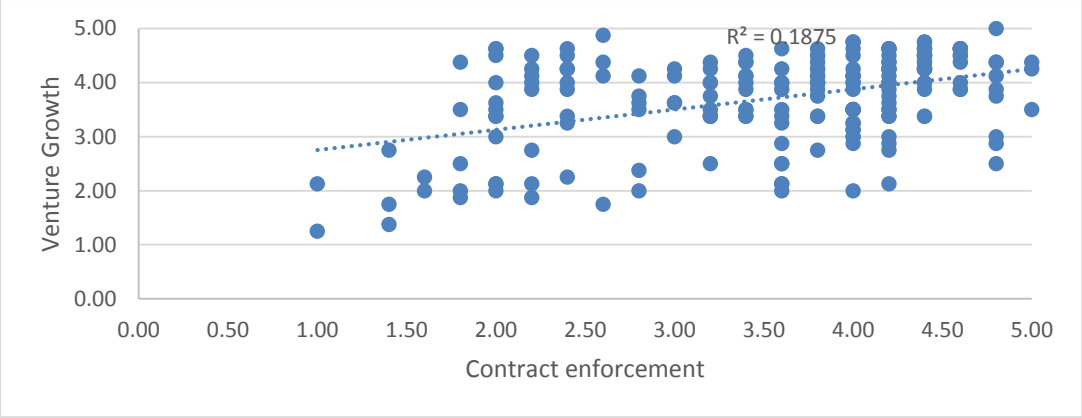



**Hypothesis 4: Effective contract enforcement contributes to the growth of SME ventures in Swaziland.**

H0: There no relationship between contract enforcement and venture growth.

It can be noted from Table 17 that contract enforcement (Standardised Beta = 0.151, t-value = 2.510, p-values = 0.013 < 0.05) shows that hypothesis 4 is supported, since the p-value of the test was less than 0.05 and is therefore statistically significant. The null hypothesis is thus rejected in favour of the alternative hypothesis (H4). It is therefore concluded that effective contract enforcement contributes to the growth of SME ventures. The relationship is plotted in the scatter plot below, indicating that contract enforcement on its own contributes 19% to venture growth.

**Figure 20: Correlation between venture growth and contract enforcement**

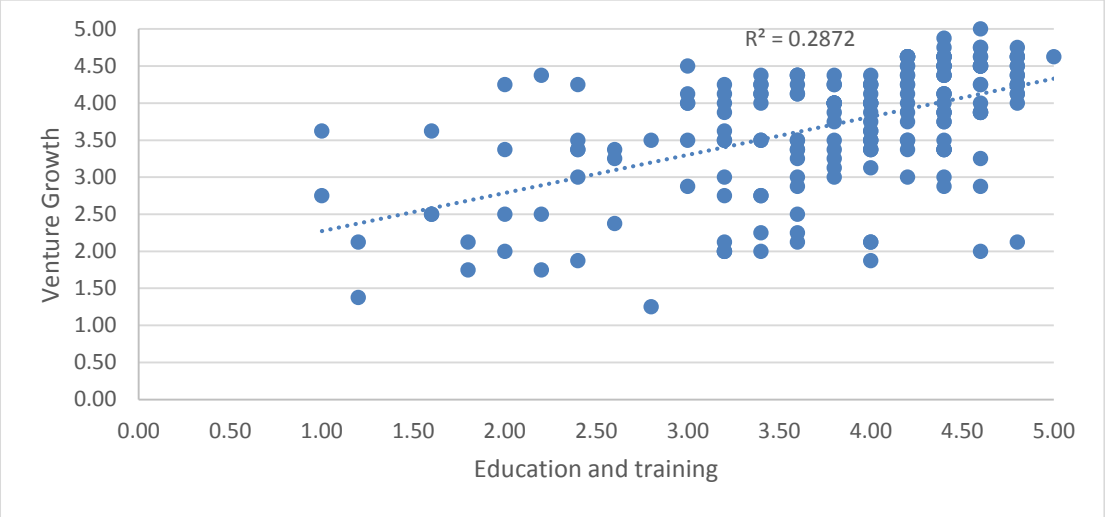


**Hypothesis 5: Access to entrepreneurial education and training leads to enhanced venture growth amongst Swazi SMEs.**

H0: There no relationship between access to entrepreneurial education and training and venture growth.

The results in Table 17 in reference to entrepreneurship education and training (Standardised Beta = 0.200, t-value = 3.001, p-values = 0.003 < 0.05) show that hypothesis 5 is supported, since the p-value is less than 0.05 and is therefore statistically significant. The null hypothesis is thus rejected in favour of the alternative hypothesis (H5). It is therefore concluded that entrepreneurial education and training leads to enhanced venture growth, as can be seen in the scatter plot below, which indicates that education and training contributes 29% to venture growth.

**Figure 21: Correlation between venture growth and education and training**



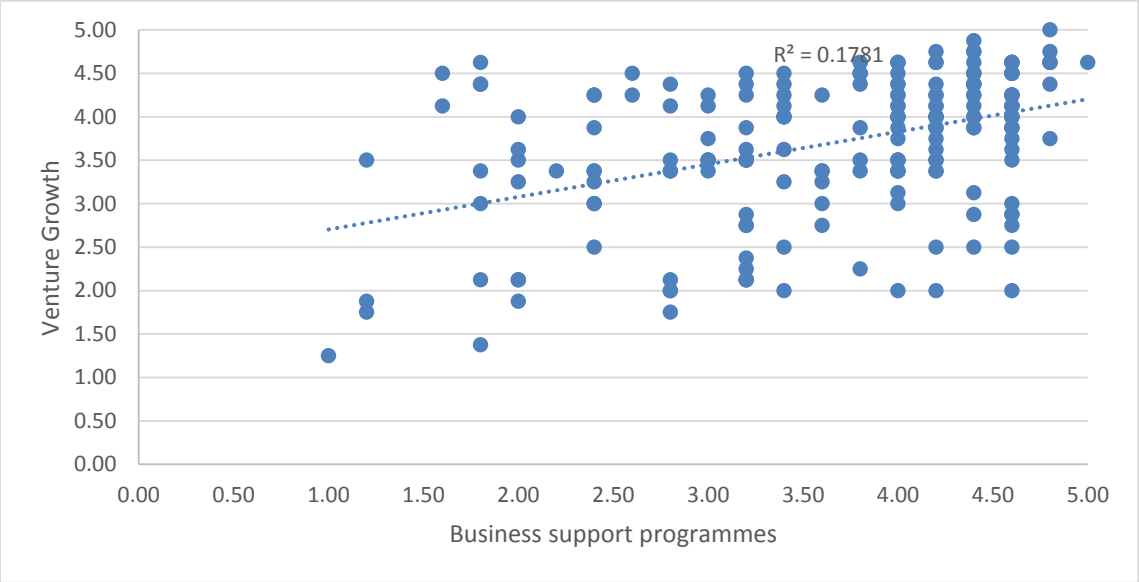

**Hypothesis 6: Access to effective business support programmes enhances venture growth amongst SMEs in Swaziland.**

H0: There no relationship between business support programmes and venture growth.

With regards to the results for the variable of business support programmes (Standardised Beta = 0.128, t-value = 2.159, p-values = 0.032 < 0.05), what is

shown is that hypothesis 6 is supported since the p-value was less than 0.05 and is therefore statistically significant. This implies that the null hypothesis is rejected in favour of the alternative hypothesis (H6). It is therefore concluded that effective business support programmes enhance venture growth, as can be seen in the scatter plot below which indicates that business support programmes contribute 18% to venture growth.

**Figure 22: Correlation between venture growth and business support programmes**



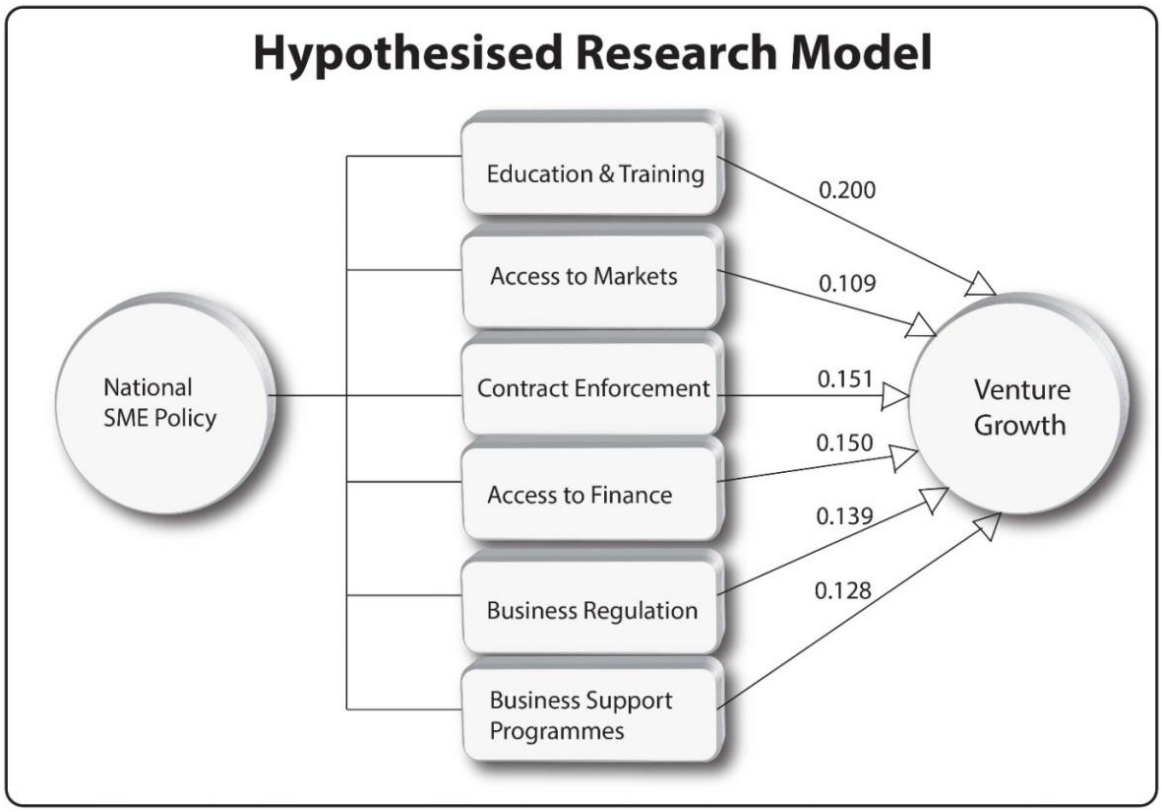

## 4.8. Summary of results

In summary, the findings above were obtained from the data collected from the sample of 200 SMEs who are incubated by the public incubator SEDCO and are found in all four regions of Swaziland. One of the most essential components of these findings was to present descriptive statistics on the final data set, so as to present central tendencies, frequencies and distributions, particularly with reference to section 1 of the data. To this end, elements of the location, sector distribution, spread of sectors per region, trading vehicles (ownership), years of operation as well as the annual turnover and employee numbers that the SMEs have, were taken into account. In addition to this, a factor analysis was conducted in order to ascertain

whether the factors selected were properly constituted for the study at hand. As all seven constructs had high factor loadings, this indicated that they were. Issues of reliability were also looked into where it was found that the Cronbach's Alpha values of all the variables were greater than 0.7, which indicated high reliability. The highest level of reliability was indicated for the dependent variable (venture growth), and the lowest for the independent variable of business regulation.

Flowing from this, a summated scale was derived and correlations and regressions were conducted using this scale. With regards to the correlations analysis, the results indicated that there were significant positive relationships between the dependent variable of venture growth and the independent variables of access to markets, education and training, business regulation, contract enforcement, business support programmes, as well as access to finance. The independent variables showed significant correlations between each other, but these correlations were not too strong and thus did not cause multicollinearity. As the main method of analysis utilised to test the hypotheses was multiple regression, the results of the individually tested hypotheses were presented in this chapter. In essence, it has been proven that the independent variables have a significant impact as predictors of venture growth for the respondent SMEs. Given these findings, this chapter concludes by modifying the hypothesised research model to indicate the strength of the contribution that each of the variables has to venture growth, so as to illustrate the significance of each and their order of as per the coefficient values as shown in Figure 23 as follows.

**Figure 23: Hypothesised Research Model (Modified to Reflect Regression Findings)**



# CHAPTER 5: DISCUSSION OF FINDINGS

## 5.1. Introduction

As a fundamental segment of this research paper, this chapter is aimed at presenting a comprehensive discussion of the results presented in Chapter 4. As such it will address critical elements of this study, beginning with the demographic constitution of the population surveyed. Further, given that one of the suppositions made within this study points to the influence context and institutional frameworks on venture growth, this study will further discuss this supposition against the background of literature introduced in Chapter 2 as well as the findings presented in the preceding chapter. Aligned to this, the influence of policy will also be discussed. As a critical component of this study, the hypotheses will be deliberated on with the results being juxtaposed against the background of key theoretical perspectives.

## 5.2. Demographic profile of respondents

Observations made from the demographic constitution of the sample were, first and foremost, that there is a lack of growth amongst the respondent firms, given that their demographics show that most of the firms are owner managed and operated with very few employees. A significant proportion (96%) indicated employing between one and ten employees, with most of these having only one employee - the business owner. In addition to this, a lack of growth is further evidenced by the fact that a significant proportion of these businesses (42%) have been incubated for a period of between seven and ten years, and yet another portion (23%) have been incubated for four to six years, but still report low annual turnover levels. As mentioned earlier, it could be argued that despite the different models that incubators adopt, incubation periods of between four and ten years on average are too lengthy for them to be effective enablers of venture growth. For this reason, it is necessary to reflect on whether these firms would have been in business or would continue to be in business were they to stand on their own. In fact, even if one indicator of growth is taken into account - number of employees - then the fact that these firms have very few does not indicate growth.

Furthermore, from the findings it can be seen that there is no upward mobility of firms where turnover is concerned, as based on that an overwhelming 78% of respondent firms indicated an annual turnover of under E50,000. With a collective 65% of the firms reporting that they had been operating their businesses for periods of between four and ten years, then it could be argued that this annual turnover speaks volumes for the nature of the companies, their actual growth over the years and their perceived prospects for growth. With only 1% of the respondents indicating that they had an annual turnover of over E2 million, then this factor is a cause for concern. With increases in annual turnover being one of the ways in which the growth of a business is seen, then it is quite evident that firms that still report making under E50,000 after so many years in existence are not necessarily reflecting growth.

In fact, if taken into consideration along with their sole trader nature (which diminishes the potential for job-creation and, by association, the propensity to handle an increased demand of goods or services), it could be argued that these are really necessity or survivalist businesses, where the entrepreneur behind them focuses not on growth but rather on keeping the business operating from month to month. The findings are not necessarily different from the findings of the 2010 census (MCIT, 2010), which reported that 93% of the businesses were found to be sole traders who, for the most part (83%), had less than three employees. This confirms that the SME landscape in Swaziland is really characterised by smaller, survivalist firms rather than high growth firms.

The demographic profile also shows that there is a widespread problem when it comes to the classification for SME firms, as attributed by the fact that a significant proportion of these (22%) do not feel that they fit into any of the stipulated classifications. What this means is that even at legal registration, firm owners are at times at a loss to define what it is that their line of business is, as it does not fall within the classifications given. There is thus a need for a revision of categorisations

that would be more specific and aligned to the actual business orientation of firms on the ground. Broad categorisations could be detrimental in that they do not accurately reflect the actual businesses that are in operation, with the risk being misrepresentation of the real entrepreneurial landscape. For instance, when looking at the wholesale and retail sector, which accounted for most of the firms within the study (35%), what was observed was that even small grocery vendors whose very existence depended on making minimal daily sales from other business owners that are incubated also categorised themselves within this cluster, whereas wholesale and retail is often thought to mean firms that operate larger, more established businesses than this. Therefore, this broad classification might misrepresent the actual nature of the SMEs that Swaziland has. Further, any intervention that is aimed at growing ventures needs to be structured and aligned not just to SMEs as a monolithic unit, but rather to each particular sector so that the needs of each are considered. Notably, this cannot be done with broad, sweeping categorisations.

What is also shown within the findings is that there is significant clustering of SMEs among three different sectors (wholesale and retail, arts and handcraft and manufacturing), and lagging to the point of comparative non-existence of other sectors, namely financial intermediaries, agriculture, education and health. This is with the exception of one region (Lubombo), which has a significant number of hospitality and restaurant businesses. Although no generalisations can be made from these findings to the entire population of SMEs, it is interesting to note that sector clustering was also found within the census (MCIT, 2010). Given the importance of context within this study, it could be argued that regional differentiation was expected as an outcome even within the sector clustering, however this is not the case as it is predominantly within the area of turnover that figures glaringly reflect the urban/rural divide. The fact that the regional demarcation is not evident with the other descriptive elements does not undermine the influence of context or institutional framework, but rather suggests that this context influence is more of a collective, national influence than a regional one. It could be argued that this is validated by the significant clustering that reflects a large-head-small-tail scenario, with SMEs flocking to the same sectors and largely ignoring others.

## 5.3. Venture growth and influence of context, institutional arrangements and policy

In trying to ascertain the influence of context, institutional frameworks and policy on ventures, it is necessary to first acknowledge that this study is of the view that these elements do have an impact on venture growth. In essence, based on the findings, the research concurs with North's (1990) assertions that entrepreneurs will perform differently when put in different contexts and are guided by the written and unwritten 'rules of the game' within them. More to the point, what the findings reflect is that context does in fact act as stimulus for entrepreneurs in terms of the perceptions they have of the opportunities available to them and the levels to which they can grow these into high performing firms (Johns, 2006). Both the clustering of SMEs in certain sectors and their lagging at the just under E50,000 turnover mark is testament to this. What this suggests is that the entrepreneurs in question have, for all intents and purposes, adopted a collective character, a similar entrepreneurial DNA that is particular to Swaziland.

This local entrepreneurial DNA is a product of entrepreneurs acquiring, assimilating and making sense of information drawn from the context (Johns, 2006), which leads to the development of similar traits in the nature of businesses being perceived as 'go-to' businesses for start-ups. This is an influence of context, an influence of the environment, and a reflection of the influence of institutional arrangements on entrepreneurial outcomes (Sarasvathy and Venkataraman, 2011). A clearer understanding of this can be brought to the fore by looking into precisely how these seemingly long-surviving businesses defy the growth literature, which suggests that the more experience is gained by SME firms, the better they perform and the more they grow (Gilbert et al., 2006). Given that these firms seem to have stagnated over the lengthy period of time that they have been in existence, Elkan's (1988) assertions that what is found in the entrepreneurial landscape of many African countries are contexts that discount entrepreneurship could be true.

The abovementioned asks for a consideration of the growth trajectories or patterns of firms in relation to the current sample: In essence, it demands that a consideration be made on whether their growth is linear and sequential? Is it random and sporadic? Is it a combination of the two? Taking into reflection the study's findings, it is clear that the life cycle pattern of firm growth does not necessarily ring true for the firms under analysis, particularly as it considers growth as a sequential process and uses firm age and size as key indicators of growth (Jovanovic, 1982). One would assume that growth would be reflected in that the longer the firms stayed in business the more they grew, but a closer look at the results outlines that this is not the case. Although the data captured does not tell the researcher enough to make firm postulations on the actual patterns of growth that these follow, what does remain clear is that that they do not follow a logical, sequential approach.

Given the aforementioned, this study leads one to conclude that as opposed to seeing macro intervention as meddling, it is necessary to see it as a key element for growth, because intervention in the entrepreneurial landscape can play a significant role in impeding or enhancing the nature and levels of entrepreneurship. Macro-intervention does have a bearing on the success of enterprises within any locale because entrepreneurs themselves do not have the means of influencing the broader economic landscape. In this sense, the value of policy, as a macro-economic intervention, is that it goes a long way to redefine the rules of the game, setting the pace for what is considered entrepreneurial ventures and what is not. This study proposes that if policy were to focus on establishing an enabling environment for high growth ventures, making this a policy directive as well as ensuring the provision of institutions and programmes that will enable this, then the results found here would likely be different as signs of venture growth would be evident.

This brings to the fore Capelleras and Larazza's (2011) views that for policy to be effective it is important to ascertain what policies exist, what aids they put into place, who the benefactors of this aid or support are, and what the intended outcome sought is. Asking this enables a mind-set shift within the entrepreneurs themselves,

as they are aware of the need to ensure the success of their ventures whilst simultaneously enabling policymakers to set goals on how to continuously redefine entrepreneurship, the entrepreneurial space and entrepreneurial success periodically. With this, the rhetoric of entrepreneurship shifts along with the changes in context. Needless to say, without this, policy intervention does not get to address the weaknesses and failures it is intended to. Moving on from this discussion, the deliberations below delve into a discussion of the findings as related to each of the hypotheses.

## 5.4. Discussion: Access to finance

As detailed within the previous chapter, the study found that there is a relationship between access to finance and venture growth, with the former being a predictor of the latter, albeit the fourth predictor within the model after access to education and training, access to markets and contract enforcement, as evidenced by its beta coefficient (0.150). So, all other variables remaining constant, if there were variations in the levels of access to finance for entrepreneurs these would influence the levels of venture growth amongst respondent SMEs. Interestingly, most literature points to lack of access to finance as a significant hurdle to the growth of small enterprises (Barbero et al., 2011; Kerr and Nanda, 2009) hence it was anticipated that this would have been the foremost predictor of variability in venture growth. This assumption is not misplaced given that ventures need capital at start-up and further financing to enable growth, so it is not entirely unreasonable to expect that if financial resources are constrained, growth will be stunted. This assertion is backed by literature which suggests that liquidity constraints have a significant, negative impact on firm growth (Bechetti and Trovato, 2002; Carroll and Hannan, 2000; Saridakis et al., 2012).

The access to finance debate highlights that lack of access is problematic on two fronts - one pertaining to formal finance and the other to informal finance. For the former, formal financial institutions are seen to favour larger institutions, whilst where the latter is concerned, the nature and form of alternative finance as well as its affordability are often considered to be key elements that constrain venture growth.

The findings of this study are reflective of what policy has stated with regards to the vulnerability of the sector as a result of lack of finance (MEE, 2004). To this end, the policy stipulates that although Swaziland has developed financial markets, SMEs still struggle to access finance because of a lack of collateral, insufficient track records and the high transaction costs of accessing capital. This is detrimental because the continued lack of access has been said to have pervasive effects as it leads to cautious borrowers (Vos et al., 2007) or discouraged finance seekers (Xiang et al., 2015), who do not seek finance because they believe that this is a frivolous pursuit that will yield no tangible results. With this then, SMEs end up not growing their businesses because of a deep-rooted assumption that approaching financial institutions is useless as the requirements needed for success in this endeavour are either too steep or too complex and are not aligned to the realities of SMEs.

Interestingly, the findings also indicate that the one area where the urban/rural divide is evident is finances, as there are significantly more SMEs who report making a turnover of under E50,000 in the predominantly rural regions than in the predominantly urban areas. What this translates to is that SMEs in urban areas make more money than those in the rural areas, which makes them more attractive to prospective lenders as it would be considered that they are better placed to repay their loans. This then serves to perpetuate the divide which already exists. Notably, as had been mentioned in the findings, this is not to suggest that the 'urban' companies are collectively thriving businesses, but rather that comparatively, they have fewer companies that make a turnover of under E50,000 than their rural counterparts. So, from a national perspective, the picture remains bleak as it could be argued that firms within this context still look too risky for prospective lenders of formal finance given their low levels of turnover and the fact that, being sole traders, the companies are overly dependent on just one person – the entrepreneur – for their survival. Consequently, unless financial institutions have packages that are geared towards SME finance, only larger, more established institutions will have adequate access to finance because the risk of lending to SMEs might just be too much to take on. What this points to is the need for enhanced alternative solutions to SME finance, as is stated in the SME policy (MEE, 2004).

With the above taken into account, the issue of adequate access to informal or alternative finance can be considered as a substitute for formal finance as it is seen to be more suited to the needs of SMEs because barriers to access are perceived to be much less. The complexity of alternative finance is that there are different forms that this can take and not all of them fit all contexts. Context specificity comes into play here as different contexts call for different solutions such as government subsidies, micro-finance and schemes. An alternative that could work for this context is the provision of subsidies by government to enable the growth of ventures, which makes sense if government wants to ensure the growth of the sector in its entirety. However, the policy does stipulate that providing alternative finance solutions is better left to market forces (MEE, 2004). This leaves the alternatives of microfinance programmes and schemes. The argument against these is that their effectiveness in aiding long-term growth is doubtful because of the often high interest rates as well as the short term nature of the loans given. Despite this, these are still an important part of the access to finance debate, particularly as research has pointed to their success in less developed environments (Newman et al., 2014). Notably, if these options were to be considered, then government would still have a role to play in ensuring appropriate regulation and monitoring so as to avert outlandish potential profit-seeking tendencies and demands that would end up crippling SME growth as opposed to enabling it.

## 5.5. Discussion: Access to markets

The results of the regression indicated that the variable ‘access to markets’ had the second highest level of influence on venture growth, as can be ascertained from its beta coefficient (0.190) which was the second highest predictor of growth amongst the variables. This indicates that, all the other variables being constant, should changes occur in the levels of access to markets there would be significant changes in the levels of venture growth. In essence, the positive correlation suggests that if there was increased access to markets within the local milieu, whether through government providing support to entrepreneurs by opening up access to local markets or opening itself up as a potential market for SMEs, this would lead to positive growth amongst the respondent SMEs.

The findings above are in alignment with the theoretical views discussed in Chapter 2, as these note that lack of access to markets is a clear impediment to growth (Stancher et al., 2007; Naeglen and Mugeot, 1998), hence the proposition of increasing access to both domestic and international markets (Barbero et al., 2011). Therefore, as the SME Policy states (MEE, 2004), concerted efforts need to be made towards reversing what it calls the vicious cycle of market inaccessibility and inadequacy if ventures are to show significant growth. Notably, the fact that the findings point to access to markets as secondary to education and training is interesting to say the least. This is said because the literature reviewed pointed to the fact that the capabilities of firms and the individual entrepreneurs within them are essential for growth, because regardless of how many market opportunities can be availed, this will yield no results if firms do not have the 'know-how' to exploit these. In essence, the individual firm's capacity to recognise available markets and take advantage of them is a determining factor of whether growth outputs are realised. Although it could be argued that these capabilities could be an innate character of SME owners, firm owners who do not have this innate ability can be helped to identify and take advantage of markets open to them.

Given that the focus of this research was on external influences to market access rather than intrinsic factors inherent within SMEs, this points to the fact that facilitating access to markets needs inclusive efforts from both the public and private sectors. As noted in Chapter 2, boosting venture growth through increased market access is steeped in policy and is therefore relevant for the purposes of this study, as it has been pointed out that there is sufficient evidence to suggest that marketplace inefficiencies can be addressed through policy (Naeglen and Meugeot, 1998). Notably, attempts have been made by the government, through SEDCO, in the recent past to ensure that the 'buy-local' agenda is supported by locals, but it could be argued that the effectiveness of this has not been felt because of the sporadic, non-coordinated nature of this promotion. There was no evidence of a clear mandate for the promotion and it could be argued that it was a standalone project that did not include comprehensive, aligned programmes that would incentivise 'buying local' as a means of opening up local markets for SMEs. Should this have been the case then it could be argued that there would have been a

marked improvement in the responses regarding to whether there is access to local markets or not.

Another observation made within this study with regards to access to markets was that its multi-faceted nature also presents complications when it comes to the actual opening up of domestic markets versus ensuring that local SMEs access international markets. As mentioned in the literature, the argument in support of closing off borders to international products so as to foster the growth of domestic markets is quite contrary to the dictates or rhetoric of the globalisation of trade (Vagstad, 1995; Baum, et al., 2011). The challenge for governments and policy is in ensuring that mechanisms are put in place to ensure that a balance is struck between opening up borders without alienating prospective international investors which are likely to advocate for the alienation of local SMEs should these want to internationalise their ventures.

Using the extensive penetration of the arts and handcraft sector as an example, it could be argued that the proliferation of this erstwhile little regarded sector is due to the fact that government support for it did not just end at policy intent, but rather extended to institutionalising programmes for sector growth that encompassed the entire value chain, from training and standardisation to marketing on both the domestic and international fronts. This heightened the interests of aspirant entrepreneurs and the markets themselves, to the point where the sector was recorded within the findings as one the leading sectors within all the regions. This is a clear indication and of the veracity of the finding that access to markets is a significant contributor to variations in venture growth within individual firms and across industry sectors.

Notably, however, where international markets are concerned, it is necessary to refer to the earlier stated point that opening up of markets on its own is not the be-all-and-end-all, as it is necessary that entrepreneurs are trained on what to do when markets are availed so as to be able to service these adequately. A lack of capabilities and capacity are fundamental hindrances to SMEs that enter the global stage,

particularly because the rules of the game within international markets are quite different from the rules of the game in domestic markets. Given the 'liabilities of newness' that SMEs have, even on the local front, the intervention of both the public and private sector is essential in ensuring that should domestic firms get to compete in international markets, they do not do so ill-equipped. Being ill-equipped would undermine their prospects of survival despite the potential gains that access to global markets holds for local entrepreneurs.

Moving from a focus on international markets, it could be argued that the challenge within the Swazi context lies with the domestic markets, particularly when one considers the emphasised fact that a significant proportion of firms have failed to grow over the E50,000 threshold. This is indicative of either the limited nature of the markets themselves or of bottlenecks experienced by respondent firms in increasing access to markets that will make a difference in the growth of the ventures they are pursuing. Accordingly, it would seem that more focus should be given to availing domestic markets to these companies, because competing within the international entrepreneurial landscape calls for entrepreneurs who are not just in the business of surviving, but who are high growth oriented so as to service the demands of these global markets. In essence, this study makes the point that it may be too premature to focus on the prospects of internationalising local firms, when clearly the problem is in the country's own backyard. So before looking over the fence for opportunities set out on the international front, it is thus necessary to open up domestic markets to local entrepreneurs first. Through this, the readiness of SMEs to compete successfully in global markets can be gauged, particularly when it comes to determining whether these can meet the demands of an open, accessible global market that is highly competitive and fast paced.

## 5.6. Discussion: Business regulation

The study found that the variable 'business regulation' contributes to venture growth, although to a lesser extent than other variables within the regression model as was seen through its beta coefficient (0.139). Although its influence is smaller than that of education and training, access to markets, contract enforcement and finance, it

does exist, hence it is anticipated that changes effected in business regulation will in turn be reflected through changes in the levels of venture growth. With due consideration given to the fact that just how stringent or accommodating the regulatory environment is can affect the aspirant entrepreneur's decision to even start a business, it is clear how this assertion is a reasonable one to make. This is more so because regulation sets the stage for SMEs and their growth through governing elements of taxes, permits and licences, therefore the more accommodating the regulatory framework is, the better the chances for SMEs to grow (Hart, 2007; Martinez et al., 2014).

Because regulations stipulate what can or cannot be done, it is not surprising that even the SME policy stipulates the need for an increased focus on this in a bid to evaluate regulations and ensure cohesion between regulatory policy and application for the benefit of SME growth (MEE, 2014). Notably, the current lack of cohesion and lack of clear direction in implementing regulations is noted within the policy itself. This can be seen in the fact that 22% of the respondents indicated that they operate in non-classified sectors, which means that there is a need to re-evaluate the categorisation of SMEs so that they are aligned to the current realities of the SME landscape. This has an impact on growth because it could be argued that unclassified SMEs will often find that they have no institutionalised sector support to allow them to grow their firms, as they operate on the periphery of formal SME classification. The census (MCIT, 2010) found this to be the case as it pointed out that a majority of SMEs within the local landscape operate in the 'black economy'. Therefore, even if there are programmes geared towards increasing access to markets, finance or business support in general, the likelihood would be that these businesses would be excluded because this support is often given to firms that operate within identified clusters of business. Further to this, the fact that some businesses within the population of respondents indicated that they were not formally registered, albeit not a large percentage, could be an indication that should improvements happen within this regulatory framework, these businesses could then opt to be registered formally.

Further evidence of the need to improve the regulatory framework as a means of ensuring SME growth can be seen in the fact that 67% of respondent firms were still trading as sole owners. This could be taken to mean that they are not being properly registered as fully fledged companies, because this comes with burdensome regulations that they evade under the ambit of sole trading. These stipulations could range from start-up costs and other administration-related costs, to labour and tax-related matters. To this end, it could be argued that it is true that regardless of the availability of opportunities, capabilities and resources, if the costs of doing business are perceived to be too high so as to outweigh the benefits attained from it, this will impede the rate of start-up establishment and SME growth.

## 5.7. Discussion: Contract enforcement

The study found the variable 'contract enforcement' to be a significant predictor of venture growth, with its beta coefficient (0.151) indicating that it was the third most significant predictor of venture growth after education and training and access to markets. This indicates that, all the other variables being constant, should contract enforcement be more efficient, this would lead to an increase in the levels of growth experienced by respondent SMEs. This finding is in line with studies that have reflected that the confidence that entrepreneurs have in a country's legal system, as perceived through its ability to provide measures for restitution in cases where disputes arise, influences the establishment and growth of ventures (Biggs and Shah, 2006). When one considers the fact that the very essence of a successful venture is its ability to continuously identify opportunities which it then exploits through entering into agreements, then the centrality of contract enforcement as an enabler or inhibitor of growth is clear. Consequently, should entrepreneurs lack confidence in the ability of the legal system to call those they enter into contractual agreements with into account if they do not honour these, then it influences the decisions they make whilst doing business and is thus likely to influence their rate of growth.

Some of the literature discussed has pointed to the fact that SMEs within the sub-Saharan region have challenges with the proper enforcement of contracts because

of weak legal systems that have a common legacy of archaic laws, resource constraints and lack of capacity (Biggs and Shah, 2006). Because of this, these authors contend that small firm owners tend to not think of the courts as an option to seek recompense, which has dire consequences as they are left to fend for themselves. As a result, if when small firm owners weigh the cost of seeking legal redress they determine that these are not commensurate with the benefits to be attained, they might resort to alternative forms of redress which may not be as effective. It could be argued that this is the case in the current study as the policy under scrutiny stated that there is a need to create an enabling legal environment and further evaluate the effectiveness of decisions made in the commercial courts to ascertain their effectiveness (MEE, 2004). This could be taken to imply that there are perceived inefficiencies within the legal system.

It is worth noting that inefficiencies within the legal system, whether perceived or real, are not particular to Swaziland. According to various literature, Sub-Saharan legal systems are not necessarily sensitive to the needs of SMEs, but more adequately address the needs of larger, more established firms (Biggs and Shah, 2006). The latter not only have the resources but the 'know-how' to navigate what could be perceived as lengthy and costly legal processes, whilst smaller firms have more pressing survival needs and lack the resources to pursue lengthy legal battles. This brings back the issue of context specificity as the particularities of the legal system are, in themselves, informed by other extenuating factors such as the political system as well as socio-economic factors. Reconstituting the rules of contract enforcement for the former requires that there be due consideration given to the nuances of the SME landscape. Most of the respondent SMEs cited the need for a small claims court to avert the backlog of cases and to reduce the costs of approaching the courts. Yet how would this affect venture growth in real terms? It could be argued that the lack of effective legal systems affects growth in that firms take less risks, limiting themselves to only 'safe-bets', which goes against the risk-taking, opportunity exploiting entrepreneurial mind-set.

An interesting element of this study that puts the influence of context against the variable of contract enforcement is the particular duality of Swaziland's legal system, where firms within a significant proportion of the rural areas are governed by Swazi

Law and Custom, making it such that over and above the normal rules, they also have to adhere to the rules and regulations stipulated through the traditional laws within these areas. This may serve as a deterrent to entrepreneurs who want to do business because of the added layers and the unwritten traditional contract that they need to adhere to. The significance of this cannot be over-emphasised as, for instance, land within these areas is not title deed land and therefore cannot be owned by the firm investing in it, and any and all immovable property invested within it belongs to the firm only for the period that it is operating from within the land. Should disputes arise the firm can be evicted, taking only the movable property because it has no rights to the immovable property including the land into which it has invested its earnings. This is detrimental because firm growth is also about increasing the value of its assets, so should entrepreneurs not feel confident about the security of their investments, they are less likely to invest and thus less likely to exhibit growth. It is no wonder then that the SME policy (MEE, 2004) states that there is a need to evaluate traditional regulations that govern businesses within the rural areas.

This dual governance of businesses has an even bigger impact, which is related to the access to markets debate as foreigners are not allowed to own businesses in these areas as these are reserved for locals. This goes against the trade liberalisation argument but serves as an ex-ante domestic welfare measure because it protects domestic firms. It could be said that this then discourages the prospective foreign entrepreneur with dreams of investing within these areas, and arguably erodes investor confidence as the process of getting the consent necessary might be too cumbersome to undertake. This observation is in line with suggestions that the legal system within any locale should support market exchange, positing that weak legal systems and the non-enforceability of contracts are key indicators of fundamental institutional weaknesses. It is these weaknesses that deter the growth of individual firms and, by association, the collective growth of entrepreneurial ventures within a given context.

## 5.8. Discussion: Education and training

The results of the multiple regression, as outlined previously, indicate that the variable ‘education and training’ has the highest impact on venture growth, as can be

ascertained from its beta coefficient (0.200) which was higher than the rest of the independent variables. This indicates that, all variables being constant, should changes occur in the levels of access to entrepreneurial education and training, this will have the most significant impact on venture growth. This finding is aligned to studies that have pointed out the centrality of education and training on the success of entrepreneurs and their ventures (Chrisman and McMullan, 2000; Cowling et al., 2015). The results also support the basic tenets of human capital theory, which if adapted for the purposes of this study, suggest that the capabilities and knowledge that entrepreneurs possess is critical for ensuring venture growth, because the valuable skills and competencies acquired through education facilitate an increase in the value or rate of their entrepreneurial outputs. This finding is aligned to policy stipulations that foreground the need for concerted efforts towards entrepreneurial education and training to be made in a bid to aid the growth of SMEs.

With the findings supporting theory and dominant studies, then the nature-nurture debate of entrepreneurship has no real bearing on this study, particularly with education being the single most influential predictor of growth. This is in line with Henry et al.'s (2005) observation that although there might not be agreement on which aspects of entrepreneurship can be taught, there is significant evidence to suggest that at least some aspects of it can be. However, as mentioned in Chapter 2, it is necessary to question what education or training is necessary, and further who should receive this, for there to be an impact on the overall growth of ventures in the entrepreneurial landscape.

What the above points to is the need for strategic direction with regards to the prospects of increasing entrepreneurship education and training, particularly from the government as it has the power to enact policy directives that speak to this as well as ensure the implementation of appropriate training programmes. Doing this would clearly be beneficial as, if the results of the study are taken into account, an investment in entrepreneurial education would serve to enhance the value of entrepreneurial outputs and therefore the actual rate and nature of venture growth.

This could be from a schooling level or from the perspective of training or mentorship offered to aspirant and emerging entrepreneurs. So, the notion of school being useful for a 1950s entrepreneurial education (Van Schoor, 2000) is an essential starting point for the re-evaluation of entrepreneurial education and training as a means of putting measures in place that serve to equip aspirant entrepreneurs on new, innovative ways of thinking and acting entrepreneurially. It is the view of this study that doing this will ensure that future start-up ventures embed key growth elements within them, so as to foster a change in perceptions of what entrepreneurship is and how start-up firms can best be nurtured to enhance growth.

## 5.9. Discussion: Business support programmes

The study also found that the variable 'business support programmes' is a predictor of venture growth, albeit the lowest contributor as indicated by its beta coefficient (0.128). Just as in the variable 'access to finance', this study initially presumed that access to business support programmes would be one of the leading predictors of venture growth, because previous studies seemed to suggest that SMEs need both tangible and intangible support to accelerate the growth of their ventures (Al-Mubaraki and Busler, 2013; McAdam and Marlow, 2007), but this is not the case here. These results become less surprising, however, when one takes into consideration Meyer's (2003) assertion that entrepreneurs are often not candid about their need for support. This is not to discount the findings outlined herein, but rather to point out that there is a need to consider, in-depth, other contributory factors that might have led to this finding. Also taking into account that the main form of public support in the local landscape has been through the public incubator, it makes sense that the effectiveness or ineffectiveness of this support programme has affected perceptions on the effectiveness of support programmes in general, as judgements on adequacy, availability, necessity and accessibility are gauged through the lens of experiences that these SMEs have had with the incubator.

SEDCO then becomes the focal point of this segment of discussion, with the core issue being whether or not it actually does provide the support that is necessary for

SMEs to grow. If one considers the fact that SEDCO has, for a long time, been government's answer to business support, then the focus on SEDCO is key, as it is in essence the institutional arrangement made by government in its bid to curb the high failure rate of SMEs within Swaziland (MEE, 2004). Given that incubators are supposed to offer support for a certain period, after which incubated firms graduate and, for all intents and purposes, stand on their own, then it is easy to say that the incubation project here has not been very effective.

The above is said with firm consideration given to the fact that the majority of the companies within this incubator have continued to operate in much the same ways as they were operating when they began with very little change evident. Even if looked at from different angles, it does not make sense for a firm that has been in operation for four to ten years to have an annual turnover of under E50,000 and a staff complement of one person, whilst they are within the walls of an incubator whose very claim to existence is the growth of businesses. This institutional complacency and lack of effective delivery of the incubation mandate could be said to breed complacency within the SMEs themselves. Even more detrimentally, it has led to these SMEs getting used to being short-changed to the point where even the notion of business support is limited only to the tangible aspect of subsidised rentals.

In line with the above, an important point to consider within these findings is that the range of support that is taken for granted in other incubation contexts, such as shared operating costs, consultancy and administrative assistance, and access to networks, capital, expertise and technology (Al-Mubaraki and Busler, 2013; McAdam and Marlow, 2007) are not visibly present to the extent that they should be within this context. This does not make for a good case for SEDCO because it would appear that the support it offers does not cater to the varying needs of SMEs. Instead of offering the necessary intangible support, it seems as though it has become a landlord and not an incubator. This observation affirms the view that business support, if structured poorly, does not serve to grow SMEs, but rather serves to either dis-incentivise them or hinder their growth. It is worth noting however that, in general, the effectiveness of incubators has been questioned because it has been

said that not enough evidence exists to support the fact that firms succeed outside of the period of their incubation as most research suffers from a survivor bias (Schwartz, 2011) in that they only look at surviving firms. This is despite the fact that failure rates are higher amongst SMEs than survival rates hence asking survivors reduces the chance of getting a holistic view of firm growth. So, in this instance, it is worth considering whether the firms in question would grow if they did not have the 'subsidised' rental support from the incubator. It could be argued that this is doubtful given that they have not exhibited significant growth even within the incubator.

## 5.10. Conclusion

This chapter aimed to discuss the findings of the study, beginning with an elaboration of what determinations could be made from the demographic profile of the respondents. Clear evidence was found of the lack of growth amongst the respondent SMEs as was evidenced by the fact that a majority of these had been in operation for a long time and yet, in contrast, their annual turnover and the number of employees remained quite low. This, coupled with the fact that most of these businesses also reported to be sole traders as opposed to fully incorporated companies, painted a gloomy picture for the growth prospects of these SMEs.

The findings also confirmed the influence of context and institutional frameworks, as evidenced by the clustering of SMEs around certain sectors and the similar growth traits that these have or the lack thereof. What this clustering indicated was that entrepreneurs are likely to follow a certain path as set by the stated and unstated dictates of context and the written and unwritten rules within the broader institutional framework. This made the discussion on policy even more important, because the influence of policy was seen as integral given that policy is an important determinant of the rules of the game. The discussions above also pointed to the fact that targeted policy intervention does, in effect, yield results. This could be seen in the case of the arts and handcraft sector, which has become one of the leading sectors with the respondent SMEs clustered around it because of its effectively targeted interventions. Findings pertaining to the hypotheses were also discussed, where it

was found that all the variables are predictors of venture growth but to varying degrees, with education and training being the most significant predictor, whilst access to markets, contract enforcement, access to finance, business regulation and business support programmes following respectively. The next chapter will offer conclusions and recommendations based on these discussions and further offer suggestions for future research.

# CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

## 6.1. Introduction

In ending this study, it is imperative to go back to its core so as to ascertain whether it achieved what it set out to achieve. Its purpose was to assess the entrepreneurial conditions within the Swazi landscape and assess their impact on the growth of ventures within it. The conditions identified were taken as key elements, given that they had been identified as significant by the SME Policy. In line with this principal objective it was hypothesised that the conditions of access to finance, access to markets, business regulation, education and training, contract enforcement and business support programmes had an impact on venture growth. To this end, the study found that these elements did indeed contribute to variances in venture growth, particularly as they pertain to the respondent SMEs.

In line with this then, the final determination that this study makes is that improving the levels of adequacy and increasing access to the abovementioned entrepreneurial conditions is necessary if the rhetoric of entrepreneurship in Swaziland is to change from one of merely ensuring the existence of survivalist entrepreneurs, to one of fostering high growth entrepreneurial firms that contribute to broader economic growth. This is particularly so because the literature reviewed pointed to the focus on the emergence and growth of ventures as timely and not at all misplaced, given the potential impact that SMEs could have with regards to wide-scale job creation and resultant economic growth. Further, the focus on policy is arguably necessary if accelerated venture growth is to be attained, as policy sets the tone, laying the ground for enablers of firm growth through the development of entrepreneurial capacity, enhancement of human capital and the overall provision of an enabling environment that avails and ensures improved access to entrepreneurial opportunities.

## 6.2. Conclusions of the study

The findings of this study, for the most part, are aligned to the dominant perspectives of literature pertaining to the subject of venture growth. Notably, this subject is, in itself, broad and only aspects related to the areas of access to finance, access to markets, contract enforcement, education and training, business regulation and business support programmes were at the core of this study. Further, as a basis, the context, institutional frameworks and the role of policy were highlighted from the onset. This was done particularly because these elements were perceived to have a bearing on the entrepreneurial conditions outlined here. To this end, the study concludes that an effective understanding of venture growth is, in effect, a contextualised understanding as elaborated on below.

### 6.2.1. Contextualised understanding of venture growth

Flowing from the sentiments above, it is determined here that for venture growth studies to have a bearing on the SME landscape they interrogate, it is necessary that a contextualised approach be adopted, as this brings to bear the nuanced factors that inform this growth within any locale. This is in line with research that has increasingly called for a contextualised understanding of entrepreneurship (Lang et al, 2014; Jennings et al., 2013), suggesting that this is timely and apposite (Zahra et al., 2014) considering the fact that entrepreneurship plays itself out differently in different contexts (Koppl and Minniti, 2003).

What the study found then, is that the entrepreneurial culture within any context informs the entrepreneurial DNA adopted by the majority of its entrepreneurs, as evidenced by the similar traits and nature of the SMEs within the study. To conclude with the common adage, these ‘birds of a feather’ did indeed seem to flock together, with the majority being found to hover around similar sector clusters, having the same turnover rates and experiencing similar levels of stunted growth. The findings of this study are thus aligned to salient theoretical views that point to the significance of the environment (micro and macro) on the entrepreneurial process (Shane, 2003),

particularly as entrepreneurs assimilate and use (Johns, 2006) the written and unwritten rules within the entrepreneurial landscape in the pursuit of their entrepreneurial ventures.

### 6.2.2. Weak institutional arrangements and stunted venture growth

Aligned to the above, the study also concludes that institutional support for SMEs within Swaziland is weak, as the institutional arrangements made by the country as a means of supporting entrepreneurship are found wanting to say the least. Principally, the study concludes that the SME Policy, as a document that is aimed at providing guidance through formalising the conditions necessary for SME ventures to succeed, is effective only in its statement of intent and not in its application. That is to say that although it is effective in outlining what is to be done to support SMEs within each of the elements extrapolated as entrepreneurial conditions for the purposes of this study, it fails to ensure follow through. In essence, what it states as being necessary focal points do not necessarily trickle down to positively impacting the realities of SMEs on the ground, and to this extent, it does not influence the growth of their entrepreneurial ventures.

It could be argued that the policy's effectiveness lies in its ability to identify the problems that entrepreneurs face and broadly suggesting what needs to be done, however it then fails to do what this study feels it should; it fails to clearly articulate not just how the problems it speaks of should be addressed, but how the frameworks, parameters and macro institutional arrangements for redress of these problems should take shape. Policy implementation then becomes a problem. It is the view of this study therefore that there is need for either an amendment to policy so that it gives clearer direction on just how venture growth can be achieved, or the provision of secondary documents that speak to this in support of policy dictates.

In addition to the above, it is also the determination of this study that the policy does not give clear guidelines as to how the incubator can address the weaknesses it has

identified in the current institutional framework. Because of this, policy intervention in the entrepreneurial space in this instance is argued to be ineffective in its mandate to foster the growth of entrepreneurs as has been mentioned previously. The study suggests that because of the institutional weaknesses that the policy fails to address, SEDCO has continued to speak about entrepreneurship in much the same way as it has since its establishment, whilst both regional and global entrepreneurship rhetoric has evolved. This results in Swaziland lagging behind in the nature of the entrepreneurs that it produces, as well as in the levels of growth that these anticipate and experience. It could be said then that because of this, the realm of possibility for the entrepreneur in Swaziland is much too limited because the institutional parameters set by government through its incubator are, in themselves, limiting.

Emphasising the point further, although policy stipulates just how significant the incubator should be in fostering an enabling environment for SMEs to thrive through providing training and business development support for them (MEE, 2004), this incubator has confined its role to that of a landlord with not much intangible support being offered. This is not to suggest that it does not offer any training at all, but rather to point out that, in the tradition of other incubators, more is needed from the institution to ensure the growth of the sector. This includes common incubator support services such as shared operating costs, consultancy and administrative assistance, and access to networks, capital, expertise and technology (Al-Mubaraki and Busler, 2013; McAdam and Marlow, 2007). The lack of these within the Swazi context is detrimental in that it conditions entrepreneurs to not only think of institutional support in pejorative ways, but rather to also assume that business support is limited only to what has been made available to them. Therefore the character of their businesses thus becomes aligned to minimalist notions of growth because they lack the exposure, knowledge and capabilities to ‘dream’ beyond what the institutional parameters set. In essence, the concept of what is growth becomes somewhat ‘lost-in-translation’, as the notion of growth increasingly becomes synonymous with survivalist tendencies as opposed to accelerated growth that will make a difference in the economy.

## 6.3. Conclusions based on the hypotheses

### Education and training

As mentioned, the study found that the notion that entrepreneurship education and training is the foremost predictor of venture growth amongst respondents SMEs. This finding, although aligned to literature in that it attributes significance to this variable, was not expected as other variables such as access to finance, markets and business support programmes were assumed to have more importance at the onset of this study. Despite this, the fact that entrepreneurship education and training was found to be significant was misplaced as it is in line with studies that stressed the significance of educational attainment, given that it aids in the development of tacit knowledge and skills, and further enhances the capacities needed for entrepreneurs to grow their ventures (Adekunle, 2011; Gilbert et al., 2006). The conclusion drawn from this is that entrepreneurship education, from the pre-tertiary to the tertiary level, is necessary, along with training and mentorship for entrepreneurs who have already started their businesses. This should thus be prioritised by both policymakers and implementers within the Swazi entrepreneurial landscape.

Given the abovementioned, it is anticipated that a focus on entrepreneurship education and training will serve to change the perceptions of entrepreneurship within the country, and even reduce the fear of failure that deters entrepreneurial engagement through inculcating an entrepreneurial culture within would-be entrepreneurs. It would further aid in ensuring that existing entrepreneurs are capacitated on how their ventures can experience the levels of growth necessary for them to push past the survival threshold and into high growth firms. This observation is especially important as firm failure has largely been attributed to the managerial failures of the individual entrepreneurs behind SME ventures (Barbero et al., 2011). The proposition made is that if these are addressed then firms are likely to grow. Although there are views that suggest that the education-growth correlation cannot be taken for granted, this study argues that there is too much evidence from studies that point to the necessity and impact of education and training on the establishment

and growth of ventures for it to align itself with this view. In essence, the contribution of entrepreneurship education and training to venture growth cannot be discounted and should, in this case, be prioritised.

**Access to markets**

Based on the finding that access to markets is a significant contributor to venture growth, superseding the elements of contract enforcement, access to finance, business regulation and business support programmes, this study concludes that ensuring adequate access to markets is a necessity and should be prioritised along with education and training. The fact that these are paired as the most significant predictors of venture growth amongst respondent SMEs is interesting, in that the literature reviewed highlighted not only the importance of the availability of markets for ventures to grow, but also the need to ensure increased marketing capabilities amongst entrepreneurs (Stancher et al., 2007; Naeglen and Mugeot, 1998). The latter implies an increased emphasis on training SMEs. Associated with this finding, a key point that this study makes is that policy has a significant role to play in ensuring that markets are made available for SMEs as small business owners, in and of themselves, can do very little to facilitate the opening up of markets for their products because of resource constraints. Policy, on the other hand, can do much to facilitate this as evidenced by the burgeoning arts and handcraft sector as mentioned in the previous chapter.

Should policymakers replicate the same support that it gave this sector to other sectors, the likelihood is that both domestic and international markets will open up for SMEs in these sectors. This is not to suggest that policy waves something of a ‘magic wand’ that will instantly ensure growth, but rather that marked improvements will be seen over time, for example, structured interventions might encourage public and private sector markets to be more open to using the same services SMEs provide or procuring the goods they produce. This paper further argues that, in as much as promoting the internationalisation of local firms is important, this might not necessarily yield the wanted results because of the nature of SMEs that the country

has. This is not to undermine the sector, but rather to emphatically point out that with the state of affairs as it is currently, it is highly doubtful that SMEs would succeed were the internationalisation agenda prioritised, as global markets are highly competitive and more cut-throat. Further support and enhancement of business capabilities would thus be necessary if local SMEs are to succeed in the global marketplace.

**Contract enforcement**

As the findings reflected that contract enforcement is the third most significant predictor of venture growth amongst the firms surveyed, with due consideration given to the other variables in this study, it is concluded that there is a need for government to focus on ensuring that the legal system is geared towards addressing the needs of small and medium enterprises. This is particularly because studies have shown that Sub-Saharan legal systems are weak and not conducive to small enterprises, but are rather more suited to larger firms (Biggs and Shah, 2006). Inherent within this observation is the fact that these courts are perceived as costly, corrupt, ineffective and inefficient. It could be said then that because of this, an SME seeking to obtain legal redress would rather find alternative means to resolve a contractual dispute than carry the financial and resource burden of doing it through the courts. This is detrimental as business, by its nature, is risky particularly for an SME aiming for accelerated growth and not just survival.

Even more particular to the context at hand, the study further concludes that the dual governance of local businesses is problematic for small firms. This is pointed out with particular reference to SMEs because they are the ones most likely to seek to conduct business in the traditionally regulated chiefdoms because of resource constraints, given that operating in urban areas might be perceived as too costly for a start-up. However, in as much as the initial lower capital costs of opening up businesses in the rural areas might seem attractive, the long-term risk of not having rights to the immovable investments that the growing SME may have made over time is detrimental to say the least. Further, secure property rights are an integral

element that eases the burden of doing business, hence the lack of these in the rural areas can be perceived as something that dis-incentivises potential entrepreneurs. Therefore, this paper argues that there is a need for government to reconsider this dual governance system, as well as the effectiveness of its legal systems for SMEs.

**Access to finance**

Despite the fact that the study assumed that access to finance would have been the most significant contributor to venture growth, it is the fourth. Despite this, access to finance is still significant. This significance is also attested to in much of the existing literature which points out that the lack of finance to SMEs is detrimental because liquidity constraints hinder growth (Bechetti and Trovato, 2002; Carroll and Hannan, 2000; Saridakis et al., 2012). Furthermore, this assertion is also backed by an acknowledgement that SMEs within the Swazi context still struggle to access finance, despite the country's developed financial markets as formal finance institutions seem to favour larger companies (MEE, 2004).

The above is detrimental if one considers views such as Vos et al.'s (2007) and Xian et al.'s (2015), which seem to suggest that SMEs end up being indifferent to their ability to access finance leading to cautious borrowing tendencies as well as discouraged finance seeking. The consequence of this is that these SMEs do not even consider approaching lenders. This could probably justify why this variable is lagging despite its importance because SMEs are so used to not attaining finances to the point where they have selectively blocked the lack of access as a hindrance to their success. Whatever the reason, it still remains that access to finance does predict growth and therefore there is a need to focus on increasing SME access to formal or alternative financial institutions. To this end, the study concludes, in particular, that because of the complex lending requirements that banks have, government would do well to focus on encouraging alternative finance provisions, particularly as it has been said that this has proven more successful in less developed markets (Newman et al., 2014).

**Business regulation**

Based on the study's findings it is clear that business regulation is a factor that influences venture growth, hence the study concludes that there is a need for improved efforts to create an enabling environment for SMEs to establish and grow their businesses. This is in line with studies that link business start-ups and growth to an effective regulatory environment (Hart, 2007; Martinez et al., 2014). Given the emphasis that these authors put on the role of regulation, it is assumed that government has a significant role to play in creating a conducive environment for entrepreneurs to thrive. This is said because, much like in the argument for access to markets, there is really not much that individual entrepreneurs can do to change these themselves. Regulatory issues sit within the domain of government through the policies and programmes it puts in place to govern businesses. As a result, it is clear that if ventures are to grow at a better rate than is currently being seen, then government should focus its efforts on removing disincentives within the regulatory framework, making it much more attractive for SMEs to do business.

**Business support programmes**

With business support being the smallest contributor to the growth of respondent SMEs, it is concluded that there is a need for a redefinition of what business support is in the local landscape. This is suggested because the normal intangible business support programmes that are common features in other environments are not seen in this context. Instead, what is often referred to as support are the tangible benefits of subsidised rentals and financial assistance, whereas the support that should be offered to entrepreneurs is much more than this and includes various elements of intangible support as had been mentioned previously (Al-Mubaraki and Busler, 2013; McAdam and Marlow, 2007). These intangible elements could contribute to venture growth, because the entrepreneurial burden of needing to 'know-it-all' is lessened as supported entrepreneurs do not need to deal with aspects of the business that they have little or no knowledge of. The fact that offering intangible support is not the norm in the local context is symbolic of the systemic failure

inherent within it. In particular, it is reflective of both a failure of policy and a failure of implementation, where the incubator tasked with providing this support is not effectively doing so. The conclusion is thus that more intangible support is needed to change the way in which entrepreneurs understand the concept of business support. To this end, government has to lead the way through broadening its scope of business support initiatives.

## 6.4. Recommendations

### Recommendations for theory

Given that this research focused particularly on the external influences of venture growth on a macro level, one of the study's key recommendations is that it is necessary for studies within Swaziland to look not only at the external factors, but to also assimilate the individual factors and attributes that affect venture growth so as to get a more comprehensive understanding of the growth phenomenon. In essence, studies would do well to consider not just context and environmental factors, but also the interplay between context and the individual in the study of venture growth. This is aligned to Shane's model of the entrepreneurial process (2003), which considers individual attributes (psychological and demographic) and environmental attributes (industry and macro environment) in the opportunity identification and exploitation process.

The above is suggested because of the fact that although the core focus on the environment in this study was not misplaced, it also did not draw out the nuances of what it is that led to the lack of growth from the perspectives of the individual entrepreneurs. Consequently, it is recommended that studies in the nature of the Global Entrepreneurship Monitor be conducted within this context, because with due consideration given the earlier outlined GEM conceptual framework, both national framework conditions and entrepreneurial framework conditions are considered, with the latter highlighting individual capacities, skills and motivations that inform firm establishment and growth (Niels et al., 2012).

**Recommendations for practice**

The foremost recommendation of this study for practice is that there is a need for a re-evaluation of the SME Policy so that it is speaks more to the needs of high growth entrepreneurs as opposed to addressing just the survival needs of SMEs. This demands that policy makers consider what is being done in the regional and global entrepreneurial space, so as to ensure that whatever amendments to the policy are reflective of regional and global trends. What this would do is to set the pace for local SMEs ensuring that the benchmarks that are set for them are both relevant and current, serving to propel them forward by opening up the realm of entrepreneurial possibilities. It is anticipated that going back to the fundamentals of policy will address the core objectives that should be at the centre of any entrepreneurship policy. This includes focusing both on issues that will motivate individuals to see entrepreneurial as a possibility through promoting the collective entrepreneurship culture, as well as reducing barriers to entry and ensuring skills development whilst also addressing issues of opening up opportunities (Audretsch et al., 2007). Through this, for example, the necessity for public private partnerships could become resoundingly clear, as government on its own cannot advance the entrepreneurship agenda without the resources and capacity support of the private sector.

With regards to education and training, the study recommends that concerted efforts be made to increase access to this through providing forums for the training of entrepreneurs that are already in business. This need has been noted in the policy, but given the state of entrepreneurship as outlined in earlier sections, it is clear that the ‘concerted effort’ stated in policy cannot just end in paper as more needs to be done in terms of establishing long-standing capacity building programmes and vocational schools, where aspirant entrepreneurs are trained as opposed to them needing to follow the formal tertiary education route. In this context, this route currently could be said to be devoid of the practical knowledge that entrepreneurs need to establish and grow their ventures. A further recommendation is with regards to ensuring access to markets for SMEs, where the proposition is that government

would do well to enact institutionalised support for SMEs in this sector through establishing initiatives that, for instance, incentivise the private sector to support local businesses through interventions such as the opening up of their value chains to local SMEs. For this to be effective, the government must itself be seen to be proving an equal amount of support for local businesses by being a ready market for these within the different sectors and not just selected ones as is the case currently.

Given that the study concluded that there is a need for government to reconsider the dual governance of SMEs, the associated recommendation made here is that instead of SMEs wishing to open businesses in the rural areas having the added burden of dealing with often un-codified traditional regulations, they should be allowed to operate under the same laws that govern 'urban' based businesses so as to ensure that their investments are secure. To this end, consideration could be made to designate segments of Swazi Nation Land within the chiefdoms to business, thus ensuring that these 'zones' adhere only to the stipulations of commercial courts. This will ensure that the immovable investments of these SMEs are secure. Further to this, another recommendation is that as commercial courts are perceived as being costly, there is a need to prioritise the establishment of a small claims commercial court. This would address not only the issue of cost as a barrier to dispute resolution, but also the issue of backlogs. While the policy stipulates the necessity of this specialised court (MEE, 2004), this has not been implemented.

In summing up the recommendations, it is also suggested that an effort towards ensuring enhanced access to finance by SMEs is considered. This is suggested more with particular reference to alternative finance solutions, however with this recommendation comes an added consideration for government, which should ensure that service providers within this area do not take advantage of SMEs through unreasonable transaction costs and interest rates, as this would serve to deter growth, not encourage it. With particular reference to business regulation it is suggested here that the government has a duty to determine the factors that are pushing so many of the country's SMEs to operate in the 'black economy', as this would enable it to identify enablers and inhibitors of SME development and growth.

To this end, it could also serve to aid in the development of better strategies to ensure cohesion between the policymakers, implementers and stakeholders involved in the entrepreneurship agenda.

The last recommendation made is with regards to business support, where it is proposed that both government and the private sector need to re-evaluate the way in which they look at business support so as to enable the enactment of programmes that will speak to the intangible needs of SMEs desiring to grow their ventures. Notably, this recommendation does not in any way disregard the importance of tangible support, but rather it seeks to highlight the need for the formalisation and incorporation of intangible support, as it is thought to aid in venture growth.

## 6.5. Suggestions for future research

Future research efforts would do well to consider a more longitudinal study, so as to have comprehensive data that will allow for an enhanced understanding of the progression of SMEs within the Swazi context. The comparative data that will be gained from such a study will draw out the elements that contribute to growth from both the perspective of the individual and from observations made due to the changes in the environment over the period of time being evaluated. Aligned to this, it is also suggested that a national census should be conducted so as to provide a comprehensive data bank of SMEs and to evaluate the current realities of SMEs. This is long overdue despite that it would arguably address any issues that might exist in the SME landscape. Given the findings herein, it is clear that a comprehensive picture of the SME landscape would benefit not only policymakers, but also the SMES themselves. It is also suggested that future research could also consider including not just businesses in the incubator, but also entrepreneurs who have not been incubated, policymakers, policy implementers and the private sector. It is anticipated that doing this will enhance the understanding of the conditions necessary for venture growth, in a bid to ensure that SMEs do not fail but thrive, are not survivalist but high growth and finally serve to become the fundamental contributors of growth to the economy that they need to be.

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## APPENDIX A: QUESTIONNAIRE

**Instructions**: Thank you for your time. This questionnaire has closed ended questions; please answer the questions as indicated in each section. Your responses are important thus will be kept confidential and will only be used for purposes of this study.

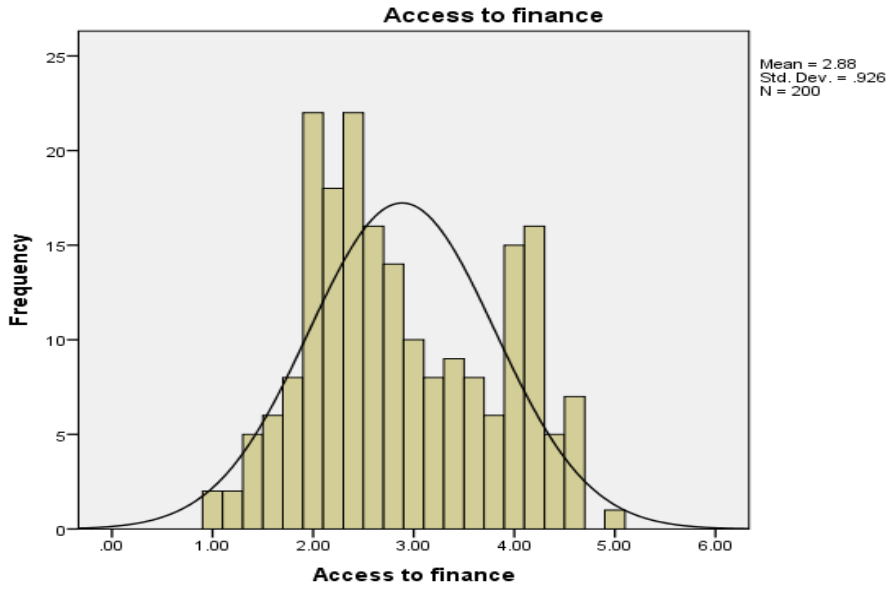
| SECTION 1 | | | | | |
|---|---|---|---|---|---|
| # | **QUESTION** | | | | |
| 1. | Which sector/Industry does your company operate in<br><br>(Select from list opposite) | Select from list of the following: Manufacturing, Wholesale & Retail, Hospitality & Restaurant, Transport, Financial intermediaries, Education, Health, Agriculture, Arts and craft & Other. | | | |
| | | | | | |
| 2. | What region is your business located in? | Hhohho | Manzini | Shiselweni | Lubombo |
| | | | | | |
| 3. | What is your business registered as? | Sole Trader | Proprietary Limited | Partnership | Other |
| | | | | | |
| 4. | How many years has the business been operational | 0-3yrs | 4-6yrs | 7-10yrs | |
| | | | | | |
| 5. | What is your annual turnover? | Under E50, 000. 00 | E50, 000. 00 – 2Million | 2 – 5Million | |
| | | | | | |
| 6. | How many employees does your company have? | 1-10 | 11-20 | 21 – Above | |

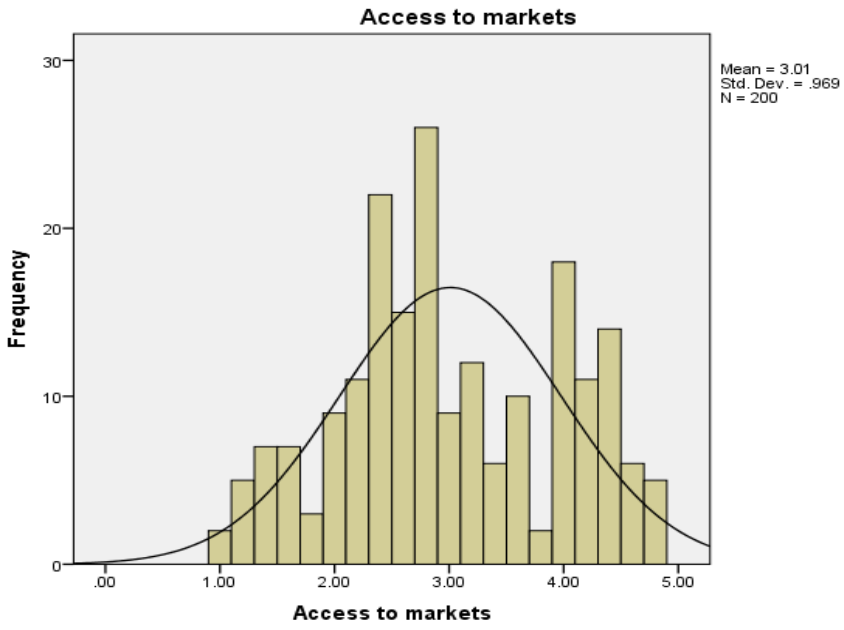
| | Section 2 | | | | | |
|---|---|---|---|---|---|---|
| # | Question | | | | | |
| **7.** | **Access to Finance** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 7.1 | Businesses have sufficient funding available to them at the start up and growth stage | | | | | |
| 7.2 | There are sufficient government subsidies available for new and growing businesses | | | | | |
| 7.3 | New businesses have adequate access to formal finance (bank loans) to enable their start-up and growth | | | | | |
| 7.4 | There is sufficient alternative funding (e.g. schemes, societies) available for new businesses | | | | | |
| 7.5 | Requirements for accessing funding are not unduly prohibitive and are easy to fulfil | | | | | |
| **8** | **Access to Markets** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 8.1 | There are sufficient support services provided by Government to ensure that SMEs access markets for their products and services | | | | | |
| 8.2 | New businesses have open and adequate access to local markets | | | | | |
| 8.3 | There is sufficient support by government to ensure linkages between suppliers, producers and the market | | | | | |
| 8.4 | The Government itself is an accessible and ready market as its procurement policies favour SMEs | | | | | |
| 8.5 | The level of changes in the markets year on year are consistent and not drastic so as to negatively affect my business | | | | | |
| **9** | **Business Regulation** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 9.1 | The support for new and growing businesses is a high priority for Government | | | | | |
| 9.2 | New businesses can get most of the required permits and licenses to open a business timely and without much difficulty | | | | | |
| 9.3 | The amount of taxes is not a burden for new and growing businesses | | | | | |
| 9.4 | Changes made to Government's regulations | | | | | |

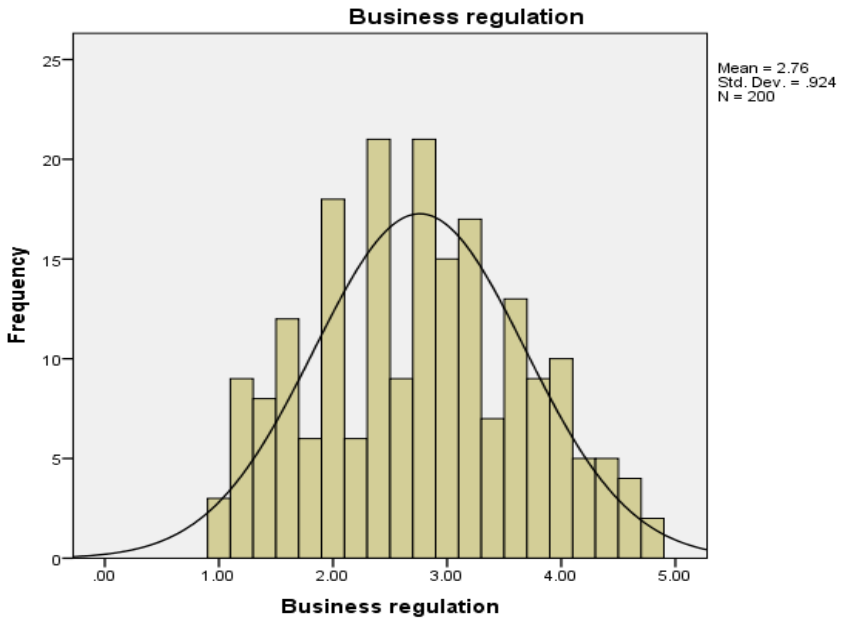
| | | | | | | |
|---|---|---|---|---|---|---|
| | are easy to understand, predictable and consistent | | | | | |
| 9.5 | Coping with government bureaucracy and business regulations is not unduly difficult for new and growing businesses | | | | | |
| **10** | **Education and Training** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 10.1 | Teaching in primary and secondary education encourages initiative, entrepreneurship and new business creation | | | | | |
| 10.2 | The level of business education in colleges and universities provide good and adequate preparation for starting up and growing new businesses | | | | | |
| 10.3 | Training programmes provided for SMEs by Government are effective and enhance business performance | | | | | |
| 10.4 | Training programmes provided for SMEs by the private sector are adequate and contribute to business growth. | | | | | |
| 10.5 | My business would perform better if I had training and continuous entrepreneurship capacity building support | | | | | |
| **11** | **Contract Enforcement** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 11.1 | I feel confident entering into contracts because the legal framework ensures contract enforceability | | | | | |
| 11.2 | There are appropriate channels for redress should I need to address a contract dispute through the courts | | | | | |
| 11.3 | I feel that contract related disputes brought before the courts are dealt with timely and fairly | | | | | |
| 11.4 | An SME oriented small claims court is necessary for the growth of the SME sector | | | | | |
| 11.5 | The use of a dual legal system for businesses is beneficial | | | | | |
| **12** | **Business Support Programmes** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 12.1 | Public sector programmes aimed at supporting small | | | | | |

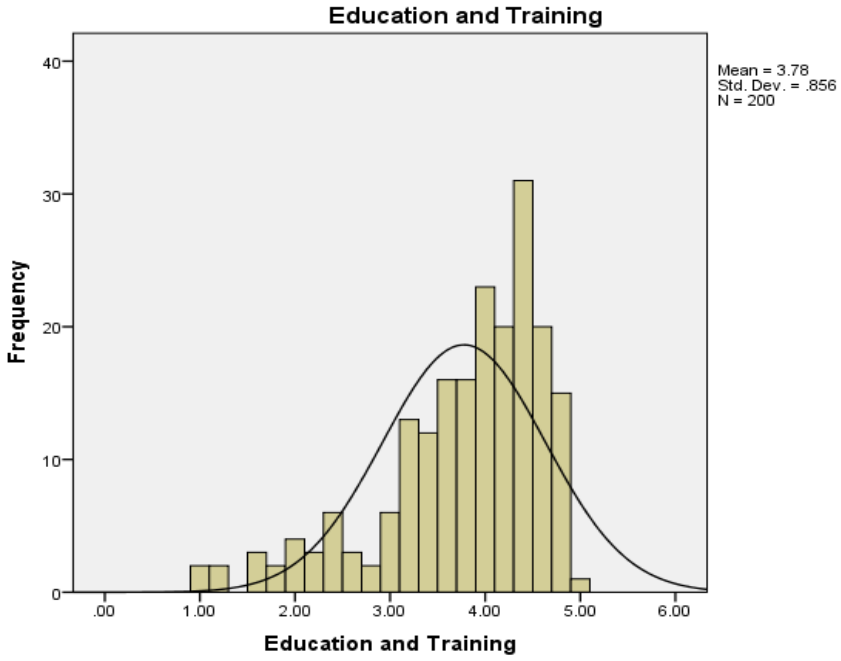
| | | | | | | |
|---|---|---|---|---|---|---|
| | businesses are available and easily accessible | | | | | |
| 12.2 | Government provides adequate incubation services for SMEs | | | | | |
| 12.3 | Government programmes provide adequately experienced, accredited consultants for SMEs | | | | | |
| 12.4 | Private sector programmes aimed at supporting small businesses are available and easily accessible | | | | | |
| 12.5 | My business would perform better if Government introduced more efficient and innovative business development programmes | | | | | |
| **13.** | **Venture Growth** | **Strongly Agree** | **Agree** | **Uncertain** | **Disagree** | **Strongly Disagree** |
| 13.1 | Growth is not necessarily our top objective. Long-term survival may be at least as important | | | | | |
| 13.2 | It is generally known throughout the firm that steady and sure growth is the best way to expand | | | | | |
| 13.3 | It is generally known throughout the firm that growth is our top objective | | | | | |
| 13.4 | It is generally known throughout the firm that our intention is to grow as big and as fast as possible | | | | | |
| 13.5 | The firm has grown from inception with annual turn-over indicating this growth | | | | | |
| 13.6 | The firm has grown from inception with an increase in annual profits indicating this growth | | | | | |
| 13.7 | The firm has grown from inception with an increase in sales indicating this growth | | | | | |
| 13.8 | The firm has grown from inception with an increase in the number of employees indicating this growth | | | | | |

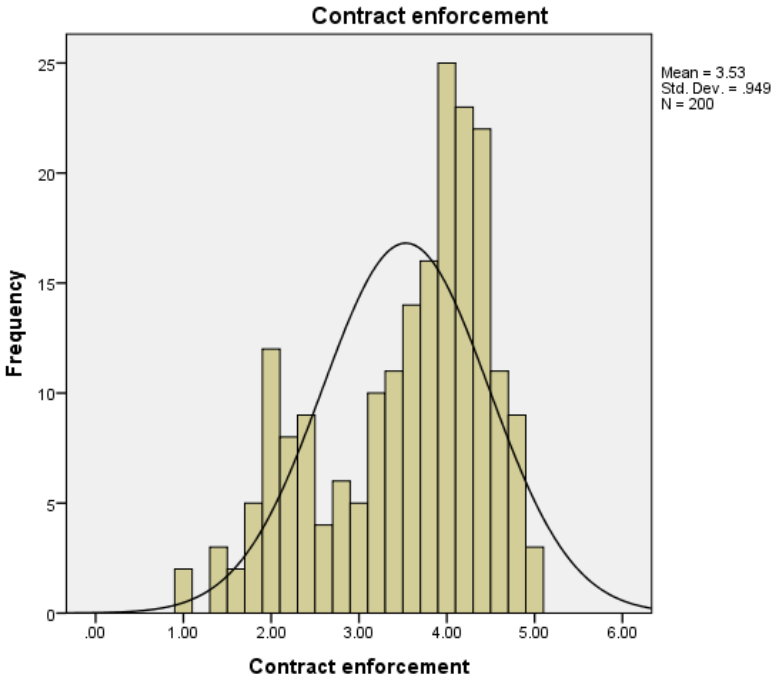
## APPENDIX B: HISTOGRAMS: DISTRIBUTION OF CONSTRUCTS

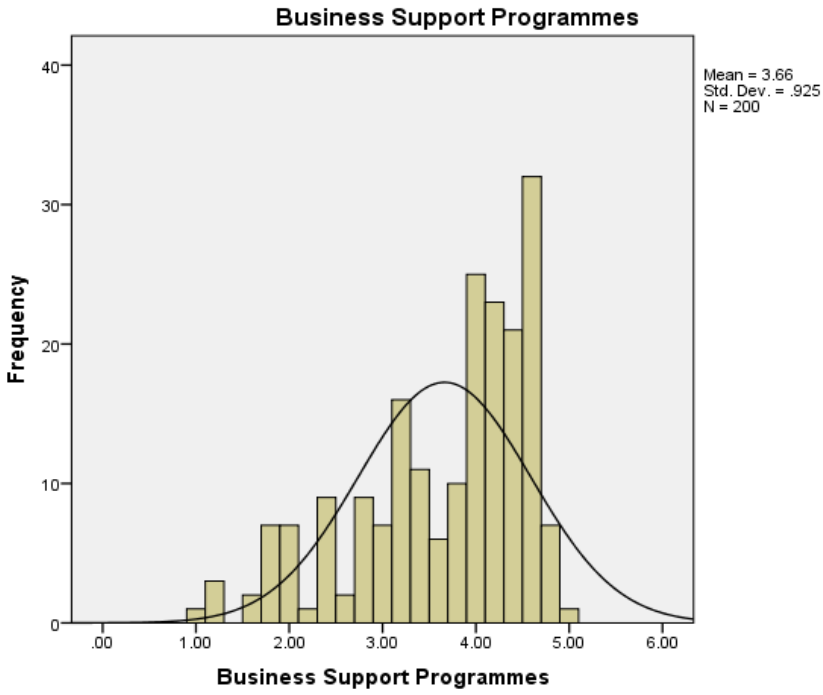


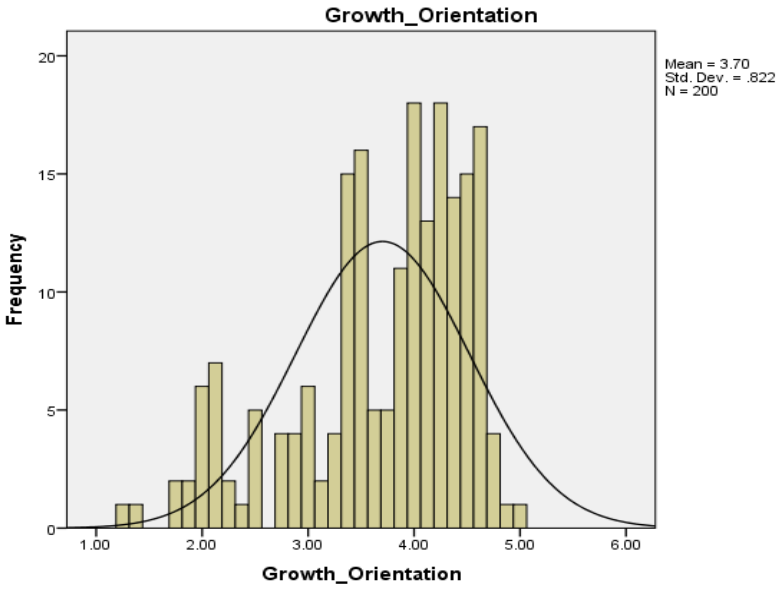




Business regulation
Mean = 2.76
Std. Dev. = .924
N = 200
Frequency
25
20
15
10
5
0
.00
1.00
2.00
3.00
4.00
5.00
Business regulation


Education and Training
Mean = 3.78
Std. Dev. = .856
N = 200
Frequency
40
30
20
10
0
.00
1.00
2.00
3.00
4.00
5.00
6.00
Education and Training


Contract enforcement
Mean = 3.53
Std. Dev. = .949
N = 200
Frequency
Contract enforcement


Business Support Programmes
Mean = 3.66
Std. Dev. = .925
N = 200
Frequency
Business Support Programmes


Growth_Orientation
Mean = 3.70
Std. Dev. = .822
N = 200
Frequency
20
15
10
5
0
1.00
2.00
3.00
4.00
5.00
6.00
Growth_Orientation

## APPENDIX C: TABLES: MULTIPLE REGRESSION

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .690[a] | .476 | .460 | .60363 |
| a. Predictors: (Constant), Business Support Programmes, Access to finance, Contract enforcement, Business regulation, Education and Training, Access to markets | | | | |
| b. Dependent Variable: Venture Growth | | | | |

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 63.979 | 6 | 10.663 | 29.265 | .000[b] |
| | Residual | 70.324 | 193 | .364 | | |
| | Total | 134.302 | 199 | | | |
| a. Dependent Variable: Venture Growth | | | | | | |
| b. Predictors: (Constant), Business Support Programmes, Access to finance, Contract enforcement, Business regulation, Education and Training, Access to markets | | | | | | |

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .887 | .232 | | 3.820 | .000 |
| | Access to finance | .133 | .062 | .150 | 2.144 | .033 |
| | Access to markets | .161 | .066 | .190 | 2.461 | .015 |
| | Business regulation | .124 | .059 | .139 | 2.090 | .038 |
| | Education and Training | .191 | .064 | .200 | 3.001 | .003 |
| | Contract enforcement | .131 | .052 | .151 | 2.510 | .013 |
| | Business Support Programmes | .114 | .053 | .128 | 2.159 | .032 |
| a. Dependent Variable: Venture Growth | | | | | | |

### Multiple Regression split by Region

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Region | Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |

| | | | | | |
|---|---|---|---|---|---|
| Hhohho | 1 | .544[a] | .296 | .197 | .73099 |
| Manzini | 1 | .724[c] | .525 | .458 | .59040 |
| Shiselweni | 1 | .818[d] | .668 | .622 | .51675 |
| Lubombo | 1 | .732[e] | .535 | .470 | .58270 |

a. Predictors: (Constant), Business Support Programmes, Access to markets, Contract enforcement, Education and Training, Business regulation, Access to finance

b. Dependent Variable: Venture Growth

c. Predictors: (Constant), Business Support Programmes, Access to finance, Contract enforcement, Education and Training, Business regulation, Access to markets

d. Predictors: (Constant), Business Support Programmes, Contract enforcement, Business regulation, Access to finance, Education and Training, Access to markets

e. Predictors: (Constant), Business Support Programmes, Business regulation, Access to finance, Contract enforcement, Education and Training, Access to markets

**ANOVA[a]**

| Region | Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|---|
| Hhohho | 1 | Regression | 9.648 | 6 | 1.608 | 3.009 | .015[b] |
| | | Residual | 22.977 | 43 | .534 | | |
| | | Total | 32.625 | 49 | | | |
| Manzini | 1 | Regression | 16.539 | 6 | 2.757 | 7.908 | .000[c] |
| | | Residual | 14.989 | 43 | .349 | | |
| | | Total | 31.528 | 49 | | | |
| Shiselweni | 1 | Regression | 23.143 | 6 | 3.857 | 14.445 | .000[d] |
| | | Residual | 11.482 | 43 | .267 | | |
| | | Total | 34.625 | 49 | | | |
| Lubombo | 1 | Regression | 16.809 | 6 | 2.801 | 8.251 | .000[e] |
| | | Residual | 14.600 | 43 | .340 | | |
| | | Total | 31.409 | 49 | | | |

a. Dependent Variable: Venture Growth

b. Predictors: (Constant), Business Support Programmes, Access to markets, Contract enforcement, Education and Training, Business regulation, Access to finance

c. Predictors: (Constant), Business Support Programmes, Access to finance, Contract enforcement, Education and Training, Business regulation, Access to markets

| |
|---|
| d. Predictors: (Constant), Business Support Programmes, Contract enforcement, Business regulation, Access to finance, Education and Training, Access to markets |
| e. Predictors: (Constant), Business Support Programmes, Business regulation, Access to finance, Contract enforcement, Education and Training, Access to markets |